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ABSTRACT

This unit consists of four lessons suitable for grade levels 9 to 12 and teacher background articles corresponding to each of the lessons. Lesson 1 provides an introduction to developing countries and the importance of agriculture in their societies. Students compare various economic indicators and sectors in developed and developing countries. Lesson 2 introduces the philosophical and ideological underpinnings of the 1949 Chinese Communist revolution and of the subsequent rural development programs. Students engage in a two-act dramatic reading exercise that highlights the issues of exploitation and redistribution as perceived by peasants and the Communist Party. Lessons 3 and 4 examine two different rural systems that have developed under China's socialist rural development program. In lesson 3, students are introduces to the ideals of self-reliance and egalitarianism associated with the People's Commune System through an excerpt of Mao Zedong's famous article entitled "The Foolish Man Who Removed the Mountains" and a description of the spirit that helped to transform Tachai into a model commune during the Cultural Revolution period of the 1970s. Finally, in the last lesson, students are introduced to the Agricultural Responsibility System that has replaced the commune system as the main feature of China's rural development policies in the 1980s. (DB)

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RURAL DEVELOPMENT IN CHINA

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RURAL DEVELOPMENT IN CHINA
GRADES NINE TO TWELVE

BY

Michael Chang, Patricia Irle, Charles Lewis,
Bing Shaw, Helen Strate
The China Project
of the
Stanford Program on
International and
Cross-Cultural Education
(SPICE)

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Michael Chang
China Project Coordinator

RURAL DEVELOPMENT IN CHINA

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INTRODUCTION

RATIONALE

There are three compelling reasons for developing a teaching unit about Rural Development in China. First, a majority of the world's nations have predominately agricultural economies such that rural development occupies a high position on national agendas. Second, the China case is important both because it has the largest rural popoulation of any nation and because it has pursued a distinct Chinese socialist path of rural development which has influenced many other developing countries. Finally, the teaching materials presently available on Chinese agriculture were developed in the 1970's and focused on the famous, but now abolished, People's Commune System. There is no extended treatment on the Agricultural Responsibility System which has been introduced since 1978. This unit, in addition to introducing the "China path" and the features of the People's Commune System, also addresses the important changes in Chinese rural organization during the post-Mao period.

RELEVANT COURSES AND MODEL CURRICULUM STANDARDS

Rural Development in China has been successfully field-tested for grade levels nine to twelve. Teachers may consider using it in two ways: Either as a Chinese case study of a larger unit on rural development, or as a component of a larger unit on China. As such, Rural Development in China may be used in a variety of classes, especially those in social studies, world history, contemporary issues, Asian studies, development studies, etc.

For teachers in California, Rural Development in China also meets Model Curriculum Standards set by the California State Board of Education. These standards are as follows:

A) ECONOMICS

III. A course should show that economists measure economic performance by using certain economic indicators.

IV. A course should make it clear that the basic economic problem facing society is the condition of scarcity, or limitation on productive resources relative to human wants. As a result of this scarcity, choices must be made, taking into account the opportunity costs of each choice.

V. A course should demonstrate that all societies have economic systems that enable them to make choices about what to produce, how to produce it and for whom to produce it...

B) WORLD HISTORY, CULTURE AND GEOGRAPHY

IV. A course should emphasize and illuminate the cultural, economic and political interactions of

peoples and cultures over time.

VIII. A course should include the characteristics of the fundamental types of human society: gathering and hunting, horticultural, pastoral, agricultural and industrial.

XII. A course should provide opportunites for students to develop basic creative and critical thinking and interpersonal or social participation skills.

OVERVIEW

Rural Development in China consists of four lessons suitable for grade levels nine to twelve and teacher background articles corresponding to each of the lessons.

The lessons, especially the three China lessons, were designed to be used sequentially during six class periods. The organization of the lessons are as follows: Lesson one provides an introduction to developing countries and the importance of agriculture in their societies. Students compare various economic indicators and sectors in developed and developing countries. Lesson two introduces the philosophical and ideological underpinnings of the 1949 Chinese Communist revolution and of the subsequent rural development programs. Students engage in a two-act dramatic reading exercise which highlights the issues of exploitation and redistribution as perceived by peasants and the Communist Party.

Lessons three and four examine two different rural systems which have developed under China's socialist rural development program. In lesson three, students are introduced to the ideals of self-reliance and egalitarianism associated with the People's Commune System through an excerpt of Mao Zedong's famous article entitled "The Foolish Man Who Removed The Mountains" and a description of the spirit that helped to transform Tachai into a model commune during the Cultural Revolution period of the 1970's. Finally, in the last lesson, students are introduced to the Agricultural Responsibility System which has replaced the commune system as the main feature of China's rural development policies in the 1980's. Implemented after the death of Mao, the present system is regarded as a more moderate approach which allowed for such elements as market adjustment of prices and material incentives, both of which were rejected as capitalist approaches during the Mao period. Students consider the consequences of the new rural system by examining a number of news articles from the Chinese press. Upon completion of this unit, students should begin to understand the social philosophy that underlies the basis of China's approach to development, as well as two very different rural systems that can result from the same rubric of Chinese socialist path. This unit ultimately encourages students not to adopt a monolithic view of China, but to consider the diversity of opinions and policy positions within that nation.

LESSON 1
FACTS ABOUT DEVELOPING COUNTRIES

INTRODUCTION

Before examining rural development policies in post-1949 China, students should understand the general importance of the agricultural sector in developing countries. This lesson introduces students to the size of developing countries, and compares them to developed countries in terms of both economic indicators and economic sector sizes.

GRADE LEVEL 9-12

TIME One period

OBJECTIVES Students will

- o learn the size and population of the developing world.
- o compare development indicators between the developed and developing worlds.
- o understand the importance of the agricultural sector in developing countries.

PREPARATION A general introduction to development. (Teacher may want to read the background material and present it in lecture form to the students).

MATERIALS
Handout 1A "Area and Population"
Handout 1B "Development Indicators"
Handout 1C "Economic Sectors"

PROCEDURE

1. Ask class to read instructions for Handout 1A and complete them for discussion.

2. Ask students to compare their maps with the teacher's answer key. Question: Is the area occupied by developing countries what you expected? If not, is it larger or smaller? Which parts of the world do these countries cover?

3. Turn to the question on population. Provide the correct answer. Ask for reactions to the size of this number.

4. Explain to students that in Handout 1B they will be comparing development indicators between developed and developing countries.

5. Working together as a class, ask students to guess what the first indicator represents. The diagrams provide a clue. Provide the correct answer and review its meaning briefly. Repeat the process for the other indicators.

6. Go through the answers with the students. Elaborate using the following statistics:

Indicator	Developing	Developed
INCOME (per capita GNP)	$245	$3,510
LITERACY (per 100 people)	34	75
ENERGY (kwh per capita)	240	5,360
UNEMPLOYMENT (yr.2000 est.)	3000 mil.	700 mil.
INFANT MORTALITY (per 100 births)	10	2

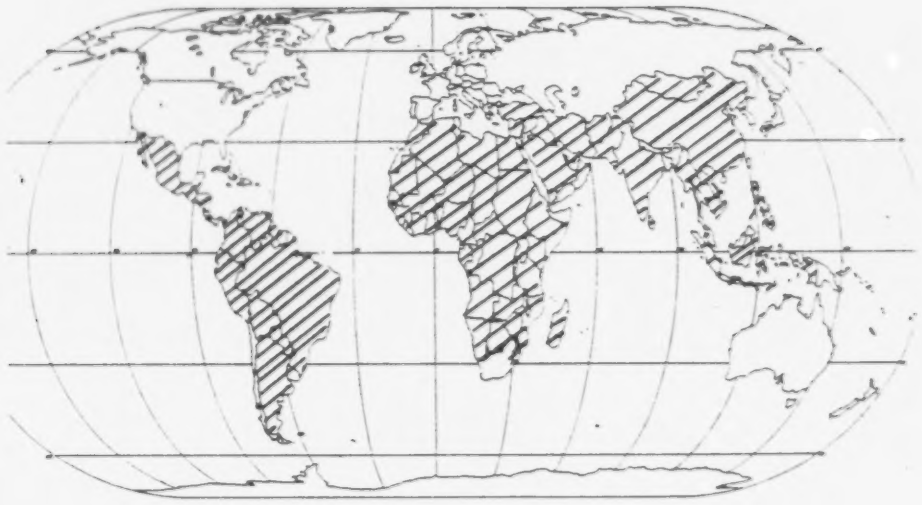
SOURCE: Narrowing The Gap. New York: Catholic Relief Services, n.d.

7. Explain to students that the diagrams in Handout 1C represents the size of the three economic sectors in developed and developing countries. Ask students to guess the size of the three sectors for both developed and developing countries.

8. Provide answers and ask if they match what students expected. Ask students what they can say about the place of agriculture in developing countries.

9. Begin a discussion with students about what is a developing country?

ANSWERS
HANDOUT 1A: AREA



POPULATION = 75%

HANDOUT 1B: DEVELOPMENT INDICATORS

1. Income; 14 times
2. Literacy; 2 1/4 times
3. Energy; 22 times
4. Unemployment; 4 times
5. Infant mortality; 5 times

HANDOUT 1C: ECONOMIC SECTORS

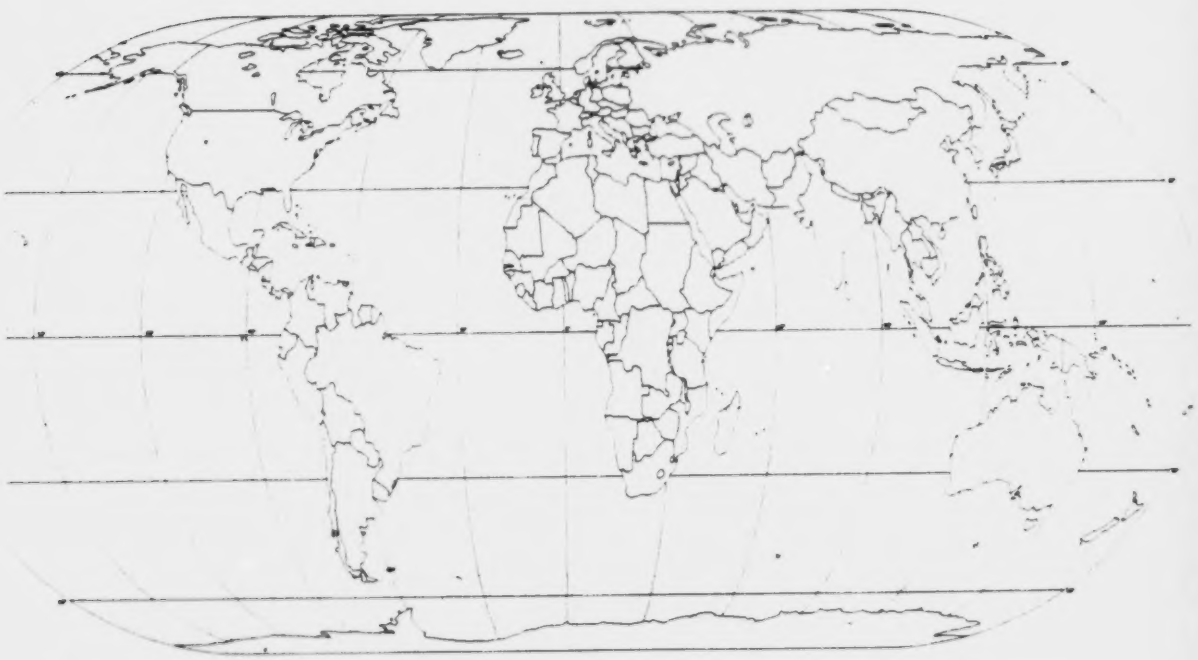
DEVELOPED COUNTRIES: Agriculture = 6%, industry = 38%, services = 56%

DEVELOPING COUNTRIES: Agriculture = 71%, industry = 14%, services = 15%

HANDOUT 1A
AREA AND POPULATION

AREA

Please shade, on the map below, the areas that you think are occupied by developing countries.



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POPULATION

In 1980, world population is estimated to number 4.5 billion. What part of that population do you think live in the developing countries?

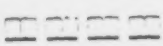
Answer=_____ %

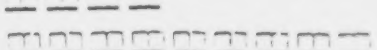
HANDOUT 1B
DEVELOPMENT INDICATORS

1. Developing: $

   Developed: $$$$$$$$$$$$$

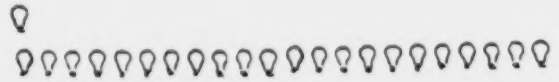
The income per person of the GNP of developed countries is on the average _____ times that of developing countries.

2. Developing: 

   Developed: 

The literacy rate of developed countries is on the average _____ times that of developing countries.

3. Developing:

   Developed: 

The usage of energy in developed countries is on the average _____ times that of developing countries.

4. Developing:

   Developed:

It is estimated that by the year 2000, unemployment in developing countries will be on the average _____ times that of developed countries.

5. Developing:

   Developed:

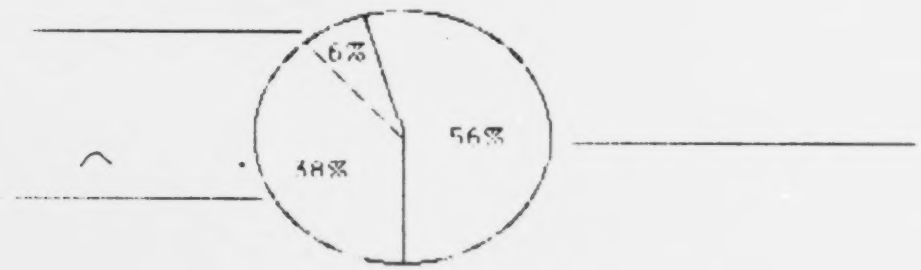
The infant mortality rate in developing countries is on the average _____ times that of developed countries.

SOURCE: Narrowing The Gap. New York, Catholic Relief Services, n.d. (Figures for 1980)

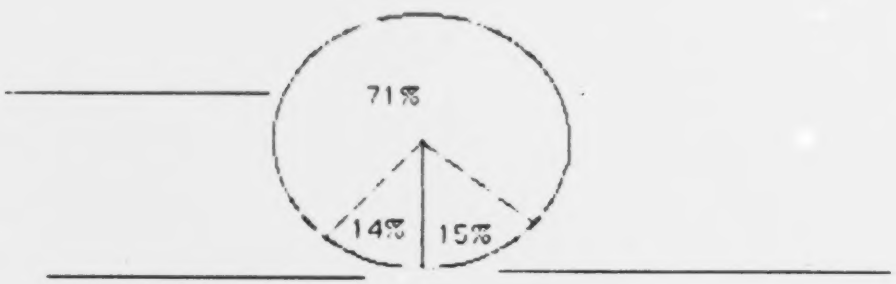
HANDOUT 1C
ECONOMIC SECTORS

Three major sectors of a nation's economy are agriculture (eg. growing wheat), industry (eg. manufacturing cars), and services (eg. renting videocassettes). Examine the diagrams below and try to fill in the appropriate sectors for developed and developing countries. How do they compare? What can you say about the agricultural sector in developing countries?

DEVELOPED COUNTRIES



DEVELOPING COUNTRIES



SOURCE: Narrowing The Gap. New York, Catholic Relief Services, n.d.

LESSON 2
THE COMMUNIST PARTY AND CHINA'S RURAL PROBLEM

INTRODUCTION

This lesson provides insights into China's rural problems according to the Chinese Communist Party which came into power in 1949. The main activity is a two-act dramatic reading involving a sizeable number of students. Through this activity and discussion, it is hoped that students would gain a "feel" for the conditions facing Chinese villagers just before 1949-especially the problem of exploitation as viewed by the party. Much of this material is seen "through Chinese eyes" so to speak, and represents a quasi-official interpretation of events. Students should be encouraged to use critical analysis of the point of view presented, and to speculate on whether the so-called "exploiters" would have a similar perspective on these events. While the actual extent of social and economic injustice in pre-1949 China is still debated by Western scholars, it is generally agreed that the Communist Party's emphasis on exploitation and its program calling for redistribution of resources helped to gain support of the peasantry which led to their successful takeover in 1949.

GRADE LEVEL 9-12

TIME One period

OBJECTIVES Students will

- o gain insight into the Chinese Communist Party's view of exploitation in pre-1949 rural China,
- o have a better understanding of the benefits, problems, and limits of redistribution as a solution to China's rural problems.

MATERIALS Handout #2A Dramatic Reading -- Act One
Handout #2B Dramatic Reading -- Act Two

PREPARATION An introduction to the social and ideological bases of rural development in post-1949 China (Refer to second section of background reading.)

PROCEDURE

1. Assign each role in Act One to a different student. Read Act One in class.
2. Follow up with the discussion questions below. Try to relate back to the background reading.
3. Repeat process with Act Two. Teacher may want to assign roles to other students.

DISCUSSION ACT ONE

1. What was the central theme or main issue in Act One?
   The issue of exploitation, which can be defined as "an injust or improper use of another person for one's own profit or advantage." (Webster's Dictionary).

2. Why were the peasants poor? Did they agree in their views?
   The answer varies depending on who gave it. The party cadre emphasized exploitation. While some peasants agree with this view, others mention poor soil, bad weather, lack of labor power, & natural disasters as important factors. In other words, there was a diversity of viewpoints.

3. What was the role of the party cadres? What do you think "turn-over" means?
   Party cadres organized the peasants to challenge the authority of the traditional social structure. Fan Shen, coming from two Chinese characters meaning "to turn the body over," meant to stand up, and to throw off the landlords' yoke.

4. What insights into Chinese society can be gained from Act One?
   The importance of politics and political education, leadership from the Party, mobilization of the poor against landlords, and rural exploitation in traditional China.

DISCUSSION ACT TWO

1. What was the main issue in Act Two?
   The issue of redistribution.

2. What happened to the landlords? What were the peasants' view of them?
   Many landlords were brought before public trials and punished in various ways. However, some peasants retained favorable views of some former landlords.

3. Did the peasants share the same view about redistribution? What problems were some of them worried about?
   Those who had less than one acre viewed redistribution positively. Others who had to give up land were less happy. Many were worried about being labelled as a rich

peasant if they worked too hard and others about the kind of people they would have to work with in their cooperatives.

4. What insights can be gained from Act Two? Redistribution has been a complex issue involving benefits, problems, and limitations. Diverse opinions could be found among peasants.

5. Ask students to compare Act One and Act Two.

HANDOUT 2A
THE COMMUNIST PARTY AND CHINA'S RURAL PROBLEM
DRAMATIC READING -- ACT ONE

ACT ONE

INTRODUCTION

This dramatic reading was inspired by William Hinton's Fanshen: A Documentary of Revolution in a Chinese Village (1966). It depicts the events in a small Chinese village just prior to the Chinese Communist Party (CCP) came to power in 1949. After this reading, you should be able to gain some insight into China's rural problems before 1949. In particular, you should be able to identify the main problem as emphasized by the CCP and its solution to this problem.

Characters (in order of appearance):

NARRATOR
CARPENTER
RICKSHAW
POOR
HARDWORKING
SOUR
LAZY LI
JOLLY
LEADER TING
ASSISTANT
PRETTY CHAO
WORKER WU
OLD MAN

NARRATOR: Small village in China, late 1940's. It is late winter. Large room in large house, once used by a rich landlord. It is empty now. Some peasants are gathered outside the door, in anticipation of the coming evening meeting.

CARPENTER: "Who called this meeting?"

RICKSHAW: "Leader Ting. I heard that the Party asked him to join during the resistance. He's from Lee Village."

POOR: "Who told you about this meeting?"

CARPENTER: "Worker Wu. "

RICKSHAW: "I bet she's the next person asked to join the Party."

CARPENTER: "Did Leader Ting say why the meeting was called?"

HARDWORKING: "Something about political awareness."

SOUR (quoting): "To endeavor to raise the level of political consciousness and to understand the fundamentals of Marxism-Leninism and Mao Zedong's theory of the Chinese revolution."

HARDWORKING: "Who did he ask to come?"

SOUR: "I don't know. But have you noticed what most of us have in common here?"

POOR: "What ?"

SOUR: "Empty stomachs."

NARRATOR: Lazy Li enters.

CARPENTER (to Lazy Li) "Have you eaten?"

LAZY LI: "Yes, I'm fine."

JOLLY (joking): "You don't look so well-fed. Did you nibble on a few pieces of bark this week? Do I see a few ribs poking through that jacket?"

LAZY LI: "I'm better fed than you are. You have four young children, a wife and mother to feed."

SOUR: "Why are you so cheery?"

LAZY LI: "Haven't you heard about the 'Draft Agrarian Law'?"

SOUR: "Yes, but who's going to tell Mean Man Mu about it? Do you expect him to say, `So I am to give up all my land? Well, here it all is, and please take the oxen and pigs too.'."

JOLLY: "And the twelve jars of silver dollars?"

HARDWORKING: "And don't forget the bags of grain stacked up to the ceiling in the barn..."

RICKSHAW: "What does `agrarian' mean?"

HARDWORKING: "Land. Farming. Something like that."

POOR: "Is that what the Draft Agrarian Law says? That we get all that stuff?"

HARDWORKING: "Leader Ting read it at noon today. As best

I can tell, yes. It says that everyone who is a landlord or rich peasant will lose their land."

POOR: "And we get it?"

HARDWORKING: "It's supposed to be redistributed according to the number of people in a family. You have more kids than he does, and a lot less land. Sounds to me like you and I (glancing around) and most people here will be getting some of it."

NARRATOR: The two cadres, Leader and Assistant, move past the peasants at the door, into the hall. They speak quietly to each other as they move to the front of the room.

ASSISTANT: "What's on the agenda for tonight?"

LEADER TING: "We must do as Chairman Mao says. First we must bring political awareness by discussion. We will discuss economic inequality and exploitation. Then we will discuss action: the `Draft Agrarian Law' and `Turning Over'."

ASSISTANT: "I'm excited! At least we have a chance to show the peasants the wisdom of Chairman Mao. I can't wait to take land away from those cheating landlords who sit in their big houses, patting their wheat-fattened bellies through their silk gowns."

NARRATOR: Group outside door begins moving into room, finding places to sit. Rest of peasants follow them into the meeting room. Pretty Chao sees Worker Wu and approaches her.

PRETTY CHAO: "Have you eaten?" 1

WORKER WU: "Yes, thank you. I expect that now the new expression will be,`have you turned over?' " (they sit down together)

LEADER TING: "Comrades, may we have your attention, please. We are here to tell you about some of the changes that have taken place and are taking place all over China. You have heard that the People's Army, under the leadership of Chairman Mao and Lin Biao now hold the capital city of Nanjing. Chiang Kai-shek, the puppet of the imperialists 2, has fled to the island of Taiwan." (some clapping) "We are here to discuss with you why the poor are

poor and the rich are rich."

SOUR: "They were born that way."

ASSISTANT: (earnestly) "Comrades, you have been chosen to come here because you are the poorest in the village."

SOUR: "Some privilege."

JOLLY: "I think we should have invited the landlords as well. It's not polite to talk about taking away someone's land without inviting them. It just isn't done."

PRETTY CHAO: "Are we going to take away their land?"

LEADER TING: "You have been chosen because you are poor. We want to help you. But first you must know why you are poor. Do you know why?"

HARDWORKING: "The weather. It's terrible. When you just start to make ends meet, along comes either a flood or a drought."

OLD MAN: "This miserable land. This land has been worked by our ancestors since time began. There's nothing left to feed the grain. Our poor night soil and that of the pigs just won't replace all the good stuff that's fed the grain since time began."

POOR: "If I just had a few more acres..."

JOLLY: "Maybe an ox or two..."

OLD MAN: "Maybe a son or two..."

PRETTY CHAO: "Or a decent landlord..."

LEADER: "We can't help you change the weather. And we can't change the soil just yet. And we can't give you more sons. But we can help you change the landlords and the amount of land that you own."

ASSISTANT: "First, what are some of the ways the landlords have cheated you?"

PRETTY CHAO: "They used different size scoops for measuring grain. When I bring Cheating Chou grain for payment, he uses the large scoop. But when he pays us, he uses the small one."

WORKER WU: "Wealthy Wu never pays taxes on the two acres just south of the millpond. So we have to pay them."

OLD MAN: "They may all cheat when they keep their records. I can't read. (glancing around). Most of us can't read. Seems like I'm always owing more than I should and I can never pay it back."

RICKSHAW: "They lend money at outrageous rates. In one year I owed three times what I borrowed. How could I hope to pay it back?"

CARPENTER: "And when you can't pay it back, when you are the hungriest, they come and insist that you pay it to them right then."

POOR: "And when you can't, they take your house to pay your debt. Or take your land."

WORKER WU: "It's not as if they need the grain. They're not going hungry."

JOLLY: "Have you seen Fat Chou's barn? It's full to the ceiling with bags of grain. He's waiting for the price of grain to go up. He's waiting so long, it's all going rotten."

WORKER WU: "Rotten! While my two daughters starved to death one winter and he wouldn't lend me a cent. I combed the fields for months, to get a mouthful of grain to get me through another day. If justice is served, that man will end his days at the bottom of a well."

POOR: "We starve while they wear silk and eat wheat and fill their jars with silver."

LEADER TING: "So, is it fair that they own so much of the land and you own so little? Is it fair that all over China landlords own so much of the land?"

WORKER WU: "No!"

Others join in: "No!"

LEADER TING: "Is it fair that you should pay someone to let them use their land, while they sit at home and grow their fingernails? Half of the grain you grow goes to someone who doesn't work a minute for it."

POOR: "But the land belongs to him - he owns it. I pay him to let me use the land. If I didn't want to rent it..."

ASSISTANT: "If you didn't want to rent it, you would starve. What else would you do?"

POOR: "Become a carpenter."

LEADER TING: "Not everyone can become a carpenter."

RICKSHAW: "But we don't own the land. Aren't you talking about stealing?"

LEADER TING: "It's not stealing, because they cheated you, not only in ways that are obvious - like unequal measuring cups, poor book-keeping, cheating on taxes - they've cheated in ways that are far worse and far more difficult to see unless you're shown. They get money and don't work at all for it. This is called exploitation. Renting land is a form of exploitation."

ASSISTANT: "Lending money is another form of exploitation."

LEADER TING: "Hiring you to work for them is another form of exploitation."

ASSISTANT: "The fair thing would be to pay people only for the work they do..."

LEADER: "We are saying that everyone should own the same amount."

POOR: "That sounds good."

EVERYONE EXCEPT LEADER TING AND ASSISTANT: "Sounds good to me, too..."

NOTES:

1 "Have you eaten?" is a common way to greet someone when it is close to mealtimes.

2 "Puppet of the imperialists." The term imperialists is a general one meaning the western capitalist countries. It was the view of the CCP that Chiang Kai-Shek was only a pawn of the United States.

HANDOUT 2B
THE COMMUNIST PARTY AND CHINA'S RURAL PROBLEM
DRAMATIC READING -- ACT TWO

CHARACTERS (in order of appearance):
NARRATOR
STRONG OX
TIGHT-FISTED
CARPENTER
YOUNG
ASSISTANT
WORKER WU
LITTLE TAIL
POOR
HARDWORKING
OLD MAN
JOLLY

NARRATOR: One month and numerous Peasants' Association meetings later. Villagers (except for Leader) are gathered for late afternoon tea and gossip at the village teahouse. The conversation has been in progress for some time now.

STRONG OX: "Where did they find the silver?"

TIGHT-FISTED: "They found 40 pieces of silver in a vase, another 70 buried in one corner of a room and 120 more buried in the corner of the barn...I've forgotten where they found the rest."

CARPENTER (entering): "What are you talking about? What happened?"

YOUNG: "At the committee meeting yesterday, we figured out how much Rich Man Hu was probably worth. You know, he owned a distillery, and was head of the Confucius Society, and stuff like that. Well, we added up the value of his house and his land and animals and such..."

TIGHT-FISTED: "We figured he must have kept a lot of his earnings as silver. And then at the meeting..."

ASSISTANT (excitedly): "At the meeting, he denied having any earnings!"

TIGHT-FISTED: "So, we beat him till he showed us where it all was. Now he's fled with his wife south.

Good riddance, I say."

YOUNG: "Yeah, good riddance."

WORKER WU: "Landlord Li gave up all his silver. He and his wife are now living on one acre of land. She says they're content." (glancing around)

LITTLE TAIL: "How is Old Dog Zhang doing?"

TIGHT-FISTED: "You mean that tail of a black lizard?!"

POOR: "What happened?"

TIGHT-FISTED: "He tried to bribe his way out of a fair trial. He got a real good beating last night."

YOUNG: "Who did it?"

LITTLE TAIL: "I have my guesses but I'll never tell."

CARPENTER: "I heard this morning that he died from that beating."

TIGHT-FISTED: "Serves him right."

STRONG OX: "For a landlord he wasn't that bad. He never cheated me."

TIGHT-FISTED: "He cheated you when he rented you land and when he lent money..."

STRONG OX: "I'm not sure I believe you..."

YOUNG: "You better believe. It's worth a lot of silver for you."

POOR: "It looks like Rich Chu isn't coming back."

TIGHT-FISTED: "That makes three landlords and two rich peasants less in this village. Not bad. Does anyone miss them?"

Silence

POOR: "Happy Han left too. I guess his wife had relatives in Hong Kong."

YOUNG: "I liked him. He always gave huge festivals at the temple."

POOR: "For a huge profit. He made a lot of money every time he organized a festival..."

STRONG OX: "Is there anyone who was rich that wasn't bad?"

CARPENTER: "Is there a difference between rich and bad these days?"

HARDWORKING: "Does that mean that if you work harder and earn a little bit more, you become a worse man? And the less we work the better we are? Where do they draw the line?"

STRONG OX: "Hardworking, are you afraid of being labelled a rich peasant?"

HARDWORKING: "Well, maybe I am. You know that I've worked hard all my life."

POOR (supportively): "And earned a good sum without hiring a laborer!"

STRONG OX: "So have I, and my whole family, besides."

OLD MAN: "You, you were blessed with three strong sons."

STRONG OX: "That's true. And no daughters to provide dowries for... Does good luck mean I'm evil?"

OLD MAN: "I worry too. I am not as blessed as you, but since my son died three years ago I've rented out the extra land. I meant no one harm..."

HARDWORKING: "I own only four acres. That's two above the average but twelve less than Landlord Chin. Will these be taken from me?"

STRONG OX: "I also have two acres more than the average. I've worked hard on them all year round, so that at harvest time there is more work than I and my family can do. So I've hired Lazy Li each year. He's happy to have the work. So he's happy and I'm happy. Is there anything wrong with that? Should I be idle most of the year so that I can do all my own work at the harvest time and Lazy Li do nothing?"

HARDWORKING: "Tortoise, during famine year, borrowed ten silver dollars from me which he hasn't paid back yet. I understand that he's had a hard

time. So I am not pressing him. But I ask you still, am I to be judged as a bad man because I lent him the money when he would have starved?"

LITTLE TAIL: "Did you charge him interest?"

JOLLY: "Yes...Was that unreasonable? I could have used the money too...Should I just have given it to him to return at his leisure? I wouldn't have seen it for twenty years."

WORKER WU: "I wonder, too, if any of us in their places would have done things differently?"

LITTLE TAIL: "Well, right now I am very glad to have been a poor man."

TIGHT-FISTED: "Assistant, you've been keeping the records at the Committee meetings. You can tell us what the results of this last month's 'Turning Over' is."

ASSISTANT (thinking): "We gained 236 acres, 34 draft animals, 120 tons of grain, and 8,834 silver dollars."

YOUNG: "What does that come to if we divide it all up?"

TIGHT-FISTED: "How many acres of land apiece?"

ASSISTANT: "That's one acre per person."

POOR (hopefully): "One more acre?"

ASSISTANT: "No. One acre per adult, male or female..."

LITTLE TAIL: "One acre! All I have is one acre!"

POOR: "That's double what I had!"

YOUNG (happily): "That's better than none."

HARDWORKING (wondering): "Does that mean I lose three acres?"

YOUNG: "I will never again spend all summer raising a crop just to give it to a landlord and then spend all winter with a pain in my stomach and worrying about whether I'll have enough to last through this winter."

CARPENTER: "I will be able to sleep in my own house, plow and plant seed on my own land...and owe neither grain nor money to anyone. Everything I raise is mine..."

YOUNG: "I will no longer have to work as a servant, getting up at dawn and working till midnight without the right to speak, only nodding when they curse me and beat me, just so that they would not kick me out, and I would not starve. Maybe now I will work from dawn to midnight but it is only if I choose so."

HARDWORKING: "This won't eliminate anything but bad landlords. We still have the famines, the bad land..."

LITTLE TAIL: "I've heard that they're planning co-operatives so that if one man's crop is poor his neighbors share with him."

CARPENTER: "That's good as long as everyone works..I'd glad to have HARDWORKING in a co-operative with me!"

YOUNG: "And pray to your ancestors that Lazy Li isn't in yours."

LESSON 3
THE PEOPLE'S COMMUNE SYSTEM

INTRODUCTION

During the 1960's and 1970's, the People's Commune System in China was generally regarded as exemplifying China's unique path to rural development. This commune system emphasized a spirit of self-reliance, egalitarianism, and political motivation. After the death of Mao, the commune system was criticized and replaced with a contract responsibility system after 1978. This lesson focuses on the ideals and organization of this commune system.

GRADE LEVEL 9-12

TIME Two or more periods

OBJECTIVES Students will:

- explore the concept of "self-reliance."
- become aware of the importance of the commune model in China especially during the late 1960s and 1970s.
- understand the ideals underlying the Chinese commune system.
- learn the structure and organization of a Chinese commune.
- discuss the strengths and weaknesses of the Chinese commune system.

PREPARATION Teacher background article on "Organization and Policy Debates." (The information from this background material may be summarized and given to the students in lecture form. For more advanced classes, the Teacher Background can be copied and given to the students as homework reading the night before the lesson begins.)

MATERIALS Background reading
Handout 3A: "The Foolish Old Man Who Removed the Mountains."
Handout 3B: "The Tachai Spirit and the Chinese Commune."
Handout 3C: "The Organization of Chinese Communes."
Handout 3D: "The Responsibilities of a Chinese Commune."

PROCEDURE DAY ONE

1. Ask students to brainstorm the idea of "self-reliance." Then ask the following questions to generate discussion:
   a. Do students themselves prefer to be self-sufficient? If so, why? Can a person be completely self-reliant?
   b. What is the difference between self-reliant and self-sufficient? (For a more

detailed dicussion of this issue, see SPICE/Africa Project unit entitled, "What Is A Resource?")

c. Is it better for countries to be self-reliant? If so, why? Can a country be completely self-reliant?

Explain that most countries regard self-reliance as important for development. Rather than depending on other countries, self-reliant countries decide their own course of development. Local resources are used, and the surplus is used to acquire what is not available locally. Self-reliance fosters a sense of pride and independence. This is particularly important for developing countries, most of whom would rather depend on their own natural and human resources, thereby maintaining a sense of national pride.

2. Explain that in China's case, self-reliance as defined by Mao Zedong took on an even deeper meaning. It was applied to all human endeavors as well as to the organization of society. In the countryside, the commune system was an important model that reflected Mao's idea of self-reliant development especially during the "Great Proletarian Cultural Revolution" period of the late 1960's and early 1970's. Learning about China's commune system is the focus of this lesson.

3. Give a brief introduction to the "people's commune." Explain that the people's commune was a kind of agricultural collective that was important in China during the late 1960's and 1970's. Although there have been other kinds of communes (eg. the Paris Commune, Israel's kibbutz, Africa's Ujaama), the term "people's commune" applied specifically to a way of organizing rural society in China. Ask students why the word "people" is included (it emphasizes that the commune is the result of the people's own work and that its goal is to serve the interests of the people.)

Tell students that in the next activity they will explore the ideals of China's communes through the experience of the Tachai Production Brigade. Tachai is located in Shanxi province which is between Inner Mongolia and Henan province. It is a mountainous area with harsh climate and severe winters. Explain that the Tachai Brigade is part of a people's commune, and that the structure of the commune will be

covered later.

4. Divide the class into groups of five. Assign and explain roles for members of each group as follows:
   a. Facilitator: Reads the group task instructions and makes sure that everyone contributes.
   b. Recorder: Writes down group and individual answers.
   c. Speaker: Reports to the class on behalf of the group.
   d. Manager: Obtains all needed materials and keeps track of time.
   e. Harmonizer: Writes down statements which create harmony and provide encouragement.

Ask the manager to pick up Handouts 3A and 3B and distribute to group members. Set a time for reading the handouts, then the group should discuss and answer the questions together. Ask students to save the group's answers for reporting and discussion at the beginning of the next class.

5. Distribute Handout 3C, "The Organization of Chinese Communes" as homework. Ask students to read it and to complete the organization chart and matrix for discussion during the next class.

DAY TWO: DEBRIEFING

1. Report and discussion of Tachai.
2. Discuss the organization of communes.

ANSWERS
TACHAI HANDOUT 3A AND 3B

#1. Mao used the story to show that by relying on oneself and by being persistant, all odds can be overcome. Following these principles, the Tachai brigade was able to accomplish what seemed impossible. Mao's idea of self-reliance emphasized that one's own initiative and capabilities can overcome all obstacles. He sought to use the idea to discourage the people's traditional dependence on outside forces, whether it be religion or governmental institutions, which Mao saw as obstructions to the transformation of China into a modern socialist society.

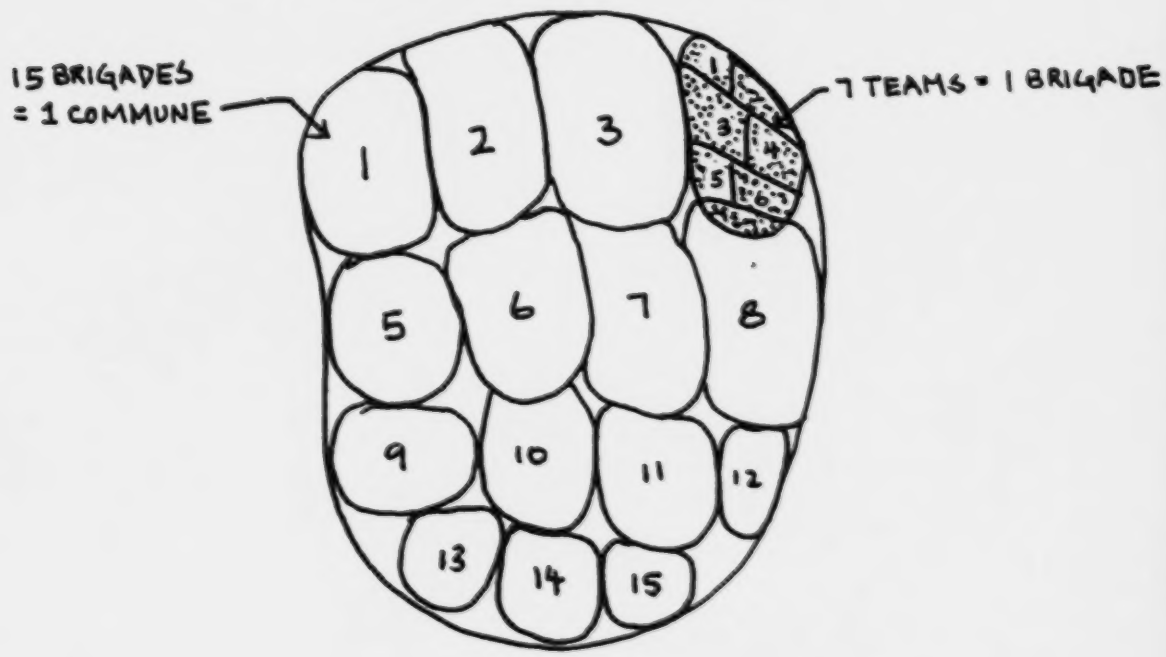
#2. Factors that helped transform Tachai included: following Mao Zedong Thought (i.e. the writings of Mao Zedong), relying on self-reliance, collectivization, farming for revolution, Party leadership, changing ways of thinking, objectively analyzing the situation, perseverance, hard work, revolutionary drive, etc.

#3. The Party educated the peasants by raising their political consciousness. Mao Zedong Thought was used as a guide to all endeavors during the Cultural Revolution period.

#4. The commune was more than an ordinary agricultural system in that it emphasized a whole set of revolutionary attitudes based on Mao's idea of self-reliance. It was a system which affected both social and economic life. [Refer to background reading].

COMMUNE HANDOUT 3C

THE STRUCTURE OF A CHINESE COMMUNE



ANSWERS
HANDOUT 3C
THE RESPONSIBILITIES OF A CHINESE COMMUNE

LEVEL:	FEATURES:	RESPONSIBILITIES:
TEAM	Approximately 30-50 households or the size of one small village	Originally owned land, forest, water, draft animals, small farm implements and machinery not owned by state. Later, as a Basic Accounting Unit, had its own industrial enterprises, responsible for the allocation of land, labor and capital. Responsible for decision-making.
BRIGADE	approximately 200-300 households or 7 production teams	Field duties and administration, supervise teams.
COMMUNE	approximately 20,000-30,000 households or 15 brigades or 105 teams lowest level of government highest level of rural agricultural collective	Originally, the Basic Accounting Unit. Responsible for irrigation works, power stations, health services, education, local industry, post office, cultural and sports events, allocation of land, labor and capital. All decision-making. Later, an administrative entity.

HANDOUT 3A

THE FOOLISH OLD MAN WHO REMOVED THE MOUNTAINS

BY MAO ZEDONG

(The following story is excerpted from, "The Foolish Old Man Who Removed the Mountains," written by Mao Zedong in June 1945. It was very popular during the Cultural Revolution period.)

There is an ancient Chinese fable called "The Foolish Old Man Who Removed the Mountains." It tells of an old man who lived in northern China long, long ago and was known as the Foolish Old Man of North Mountain. His house faced south and beyond his doorway stood the two great peaks, Taihang and Wangwu, obstructing the way. With great determination, he led his sons in digging up these mountains hoe in hand. Another greybeard, known as the Wise Old Man, saw them and said derisively, "How silly of you to do this! It is quite impossible for you few to dig up these two huge mountains." The Foolish Old Man replied, "When I die, my sons will carry on; when they die, there will be my grandsons, and then their sons and grandsons, and so on to infinity. High as they are, the mountains cannot grow any higher and with every bit we dig, they will be that much lower. Why can't we clear them away?" Having refuted the Wise Old Man's wrong view, he went on digging every day, unshaken in his conviction. God was moved by this and he sent down two angels, who carried the mountains away on their backs...We must persevere and work unceasingly, and we, too, will touch God's heart. Our God is none other than the masses of the Chinese people.

DISCUSSION QUESTIONS FOR HANDOUTS 3A AND 3B

Directions: Discuss and answer these questions as a group, then record all answers and save for class discussion.

1. Read the excerpt from "The Foolish Old Man Who Removed the Mountains," a famous piece of writing by former Chinese leader Mao Zedong written in 1945 during the war against Japan's occupation of China. What idea did Mao try to convey in that story? Why was it referred to in the Tachai reading? How does the story increase our understanding of the idea of self-reliance as emphasized in Chinese communes?

2. From the Tachai reading, identify as many factors as you can which the peasants relied on to transform Tachai into a model brigade in the commune.

3. How did the Party educate the peasants? What was the role of Mao Zedong's Thought?

4. From the readings, do you think that the commune was simply an agricultural system? What do you think were other goals and functions of the communes in China?

HANDOUT 3B

THE TACHAI SPIRIT AND THE CHINESE COMMUNE

(The following article provides a description of the various factors that helped transform Tachai into a model people's commune. It is excerpted from Tachai: Standard Bearer in China's Agriculture, originally published in 1972 by the Beijing Foreign Languages Press.)

In 1958, a people's commune was established in the north China province of Shanxi (Shansi). Tachai (Da-chai) became one of its production brigades. It has 83 households with a population of 430.

In the old society, this small village in rock-strewn mountains was almost isolated from the outside world. Nine years out of ten it was affected by natural calamities and the village was in abject poverty. The soil was poor and erosion was serious. Nearly 80 per cent of the population were poor and lower-middle peasants. They worked as hired labourers for one landlord and three rich peasants, suffering cruel oppression and exploitation. They were poverty-stricken and many were forced to sell their children.

Gone for ever is all this. The once bare mountains are now covered with green. The canal along the mountain ridges leads water up to irrigate the terraced fields on the slopes; crops grow well in the gullies. Tachai is now flourishing.

How is it that Tachai has been able to bring about such great and profound changes? The brigade Party leader said: "The fundamental reason is that people have changed their thinking. People can change the land, technique, output and village because they have changed their thinking. This change is the result of arming them with Marxism-Leninism-Mao Zedong Thought."

Although socialist collectivization had provided Tachai with the favorable conditions for changing its backwardness, the problem still arose: How could the poor soil be turned into fertile fields and the backward mountain village transformed into a thriving new socialist countryside in the shortest possible time? The Tachai poor and lower-middle peasants nurtured by Mao Tsetung Thought worked with revolutionary heroism like the Foolish Old Man who removed the mountains. Typical of their revolutionary courage in remaking nature was the transformation of the village's longest gully called Wolf's Pad. In the winter of 1955, the peasants built 38 stone embankments along the gully and turned it into a flight of terraced fields but mountain torrents destroyed the embankments and washed away all the soil and crops the following summer. The peasants were undaunted. They rebuilt the embankments that winter, more solid than before. But the embankments were destroyed again during a major summer storm in 1957.

The third battle was even more arduous. In order to reduce

the onslaught of mountain floods, more embankments were built in curved rows with deep foundations and big boulders. The crevices were filled with mortar so as to reinforce the embankments. Despite biting winds in the dead of winter the Party leader led the Communist Party members in doing the most difficult jobs.

Inspired by the exemplary deeds of the Communists and poor and lower-middle peasants, the other commune members, including women and school children, plunged into the battle with seething enthusiasm, many of them turning out by whole households. After 27 days of hard work, they completed the project, three days ahead of schedule. Their work has withstood the tests of storms and mountain floods year after year and has now become the land which gives the highest yields in Tachai.

HANDOUT 3C

THE ORGANIZATION OF CHINESE COMMUNES

A. General Description

Beginning in 1958 with the Great Leap Forward, the commune was organized into what was called a "three-level system of management." At the first level was the commune itself. The communes averaged 20,000-30,000 households in size. Each commune was divided into production brigades with an average of 15 brigades per commune. Each brigade consisted of 200-300 households. The brigades, in turn, were divided into production teams. On the average, there were about seven teams for each brigade. Each team averaged 30-50 households. To carry out tasks, teams were subdivided into work groups.

1. The Commune

The commune was the lowest level of government administration. Commune centers had state personnel working in banking, commerce, tax collecting, and public security. At the same time, the commune was the highest level of the rural agricultural collective. It was responsible for the allocation of land, labor and capital for local industrial, agricultural and sideline (i.e. raising animals) production, and for large capital projects. All decision-making was made at the commune level, and all means of production were owned by the commune as a whole. The commune management was also responsible for the tax payments and income distribution of the entire commune, and for such diverse things as irrigation works, power stations, hospitals, schools, small industries, post offices, cultural and sportactivities, and more. Commune managers promoted farming techniques, use of chemical fertilizer, and mechanization.

2. The Production Brigade

Leaders of production brigades divided their time between administrative duties and field labor. They supervised and guided the production teams, managed brigade water conservancy projects, and provided other services in areas such as militia, education, and public health.

3. The Production Team

Most production teams consisted of the residents of one small village. Each team owned the land, forest, and water resources in its area that were not managed by the state. It also owned its draft animals. small farm machinery and farm implements.

B. The Decentralisation of the Commune System

The responsibilities of the commune management were gradually decentralized to lower levels within the commune due to problems of inefficiency. For the majority of the history of communes in China, the production teams were responsible for the allocation of the means of production, for taxation and quota fulfillment, and for wages (work point accounting). This decentralization is also reflected in the shift of the Basic Accounting Unit, or BAU. The BAU was the unit that was

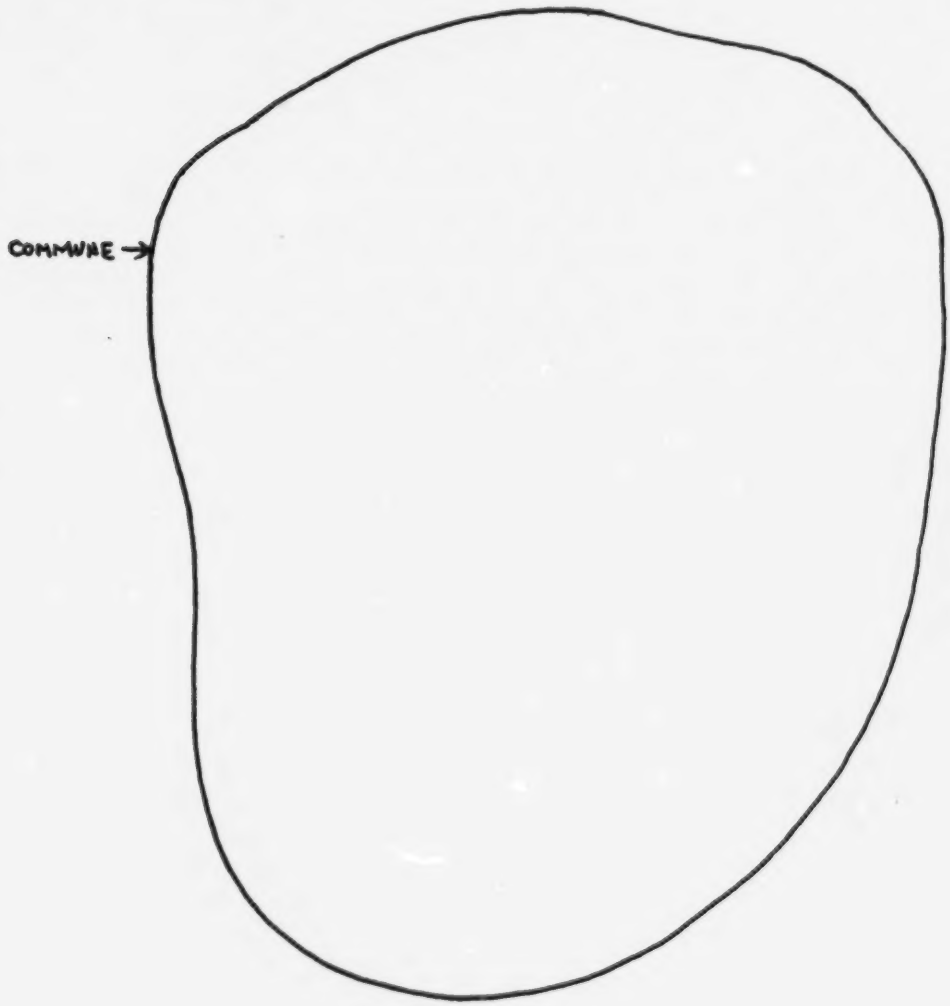
responsible for making work assignments, organizing agricultural production, and collecting and distributing the agricultural product. It handled its own accounting and was responsible for its own profits and losses.* In the early 1960's, the BAU was shifted down to the level of the production team. At this level, the peasants had more incentive to ensure productivity. Members of a team had to cooperate together to maximize their collective welfare. Team leaders were often related, or were friends and neighbors from the same village (whereas brigade members were from different villages and were strangers to one another.)

Although teams had some degree of independence, they didn't have complete decision-making autonomy. Political leadership and economic assistance came from the brigade, which acted as a supervisory unit. The commune functioned largely as an administrative entity, with overall production planning as one of its main responsibilities.

* The BAU was an important indicator of the level of collectivization. For example, if the BAU was assigned at the commune level as it was in 1958, the commune's income had to be distributed among its entire population. If one brigade fared poorly that year, its losses would affect the entire commune.

QUESTION FOR HANDOUT 3C
THE STRUCTURE OF A CHINESE COMMUNE

Directions: Based on your reading of Handout 3, draw a diagram to show the structure of a people's commune in terms of how the commune, brigades, and teams relate to each other.



HANDOUT 3C
THE RESPONSIBILITIES OF A CHINESE COMMUNE

Directions: Complete the following matrix to indicate the responsibilities at each commune level.

LEVEL:	FEATURES:	RESPONSIBILITIES:
TEAM		
BRIGADE		
COMMUNE		

LESSON 4
THE CONTRACT RESPONSIBILITY SYSTEM IN POST-MAO CHINA

INTRODUCTION

The Contract Responsibility System was introduced after the death of Mao in 1976. It was part of a new, more liberal economic path for China. The new system emphasized decollectivization, combined collective and individual endeavors, greater decision-making autonomy at the household level, and improved incentives. This lesson provides an introduction to this system and examines its consequences according to the Chinese press.

GRADE LEVEL 9-12

TIME Two or more periods

OBJECTIVES Students will:

- o know that after Mao's death in 1976, China gradually replaced the commune system with the contract responsibility system.
- o become aware of the different emphases underlying the commune and the contract responsibility system.
- o understand some important features of the contract responsibility system.
- o evaluate some effects of the contract responsibilty system.

PREPARATION Teacher reads the background article on the contract responsibility system and, if necessary, reviews the one on the commune system.

MATERIALS
- Handout 4A: Deng Xiaoping on Rural Reform
- Handout 4B: Rural Economic Reform: Questions and Answers
- Handout 4C: Rural Responsibility System: Spot Report
- Handout 4D: Effects of the Responsibility System (Eight articles from the Chinese press)

PROCEDURE:

<u>DAY ONE</u>

1. The first activity compares the different approaches to development between the commune system and the contract responsibility system. (Classes that have not covered the commune system can proceed directly to the next activity.) Briefly explain to students that after Mao died in 1976, Deng Xiaoping

eventually emerged as China's new leader. Deng, who suffered during the Cultural Revolution for his different view of development, strongly criticized the commune system. Deng began to replace it with a contract responsibility system which had been experimented with for a short period before the Cultural Revolution.

2. Ask students to recall the Tachai reading on the commune system. Ask if they remember the main factors that the peasants relied on to transform Tachai. List these on the blackboard (i.e. Mao Zedong Thought, self-reliance, collectivization, revolutionary drive, party leadership, changed thinking, objectively analyzing the situation, perseverance, hard work, etc.)

3. Distribute Handout 4A and divide the class into groups of four or five. Explain that this handout contains some of Deng's important ideas related to his rural reforms. Ask students to spend about 20 minutes to discuss the questions as a group.

4. Debrief as a class. Deng's list should include:

   a) higher level of mechanization,
   b) higher level of management,
   c) diversified economic activities,
   d) increase in income,
   e) work performance to determine compensation
   f) political attitude not to be used as measure for work,
   g) upholding the socialist road,
   h) upholding the rule of the proletariat,
   i) upholding Marxism-Leninism and Mao Zedong Thought

   The greatest difference between the two periods is this: The commune system emphasized moral incentives and egalitarianism, while the contract responsibility system emphasizes technology, management, and material incentives. The continuity can be seen in the adherence to the "four cardinal principles" during both periods.

5. The second activity is to learn about the contract responsibility system. If your class is not doing the first activity, begin

the lesson with this activity, otherwise, it may be assigned as homework. Explain to students that Deng's approach to development could actually be traced to the 1960's. In fact, since 1949, China's rural policy may be seen as alternating between the commune system and the contract responsibility system, with equality versus productivity being a key issue of debate. Teacher may want to introduce the different periods in a short lecture. During the present period, China is again following the approach of the contract responsibility system. Ask students to read Handouts 4B and 4C and answer the questions.

DAY TWO

6. Begin by discussing the answers to Handout 4B.
7. After students have an understanding of the main characteristices of the contract responsibility system, the next activity is to evaluate some of its effects. First, ask students to brainstorm a list of positive effects of the responsibility system and also a list of less desirable or negative effects. Write both lists on the board. Then, divide the class into eight groups . Give each group a Chinese press article from Handout 4D to discuss and answer in about 20 minutes. Later each group will report back to the class.

A cooperative learning strategy may be used. Depending on the number of persons in each group, individual roles should be decided in the following order:

a) A facilitator/manager reads the task instructions, makes sure everyone contributes to the discussion, and keeps time.
b) A recorder to write down individual and group answers.
c) A speaker who will later report to the class.
d) A harmonizer who provides encouragement to all.

8. For debriefing, ask the reporter from each group to give a report on the effect of the contract responsibility system based on their articles and dicussion questions.

9. Discuss as a class the positive and negative effects of the responsibility system.

ANSWERS TO QUESTIONS IN HANDOUT 4B

1. According to Handout 4B, what are some important improvements introduced by the contract responsibility system?

Some of the major changes introduced by the reform include: a) changing the rural economy from a highly centralized system into a combination of centralized and decentralized production, b) linking quality of work to economic compensation, c) development of sideline industries and services.

2. Under the reform, what has happened to the role of the state plan?

The role of the state plan has been reduced. At present, the state plan is concerned with such issues as the overall direction and rate of development, prices for main farm products, distribution of crop-growing areas, direction for investment, balance of manpower, materials, finances, and resources.

3. Between what parties are the contracts signed?

Each household signs a contract with a basic level government unit.

4. In the contracts, what does each household agree to do? What happens if their annual production exceeds the level that they negotiated with the government?

Each household agrees to grow a certain amount of produce to sell to the government. Excess production may also be sold to the government or at the free market, both at a higher price.

HANDOUT 4A
DENG XIAOPING ON RURAL REFORM*

DIRECTIONS:

1. Assign one person to be the recorder.
2. Read the excerpts from Deng Xiaoping's writings below.
3. From the reading, underline the considerations that Deng Xiaoping regards as important for rural development.
4. Comparing this list with the one for Tachai, suggest some differences as well as continuities from the earlier period under the commune system.

ON QUESTIONS OF RURAL POLICY*
May 31, 1980

"The key task is to expand the productive forces and thereby create conditions for the further development of collectivization. To be specific, the following four conditions should be realized: First, a higher level of mechanization, one which is relatively well suited to local natural and economic conditions and welcomed by the people (here I mean mechanization in a broad sense, not merely mechanizing ploughing, sowing and harvesting). Second, a higher level of management, combining accumulated experience and a contingent of cadres with fairly strong management abilities. Third, a developed diversified economy that leads to the establishment of a variety of specialized groups or teams, which in turn leads to the large-scale expansion of the commodity economy in the rural areas. Fourth, an increase in the income of the collective, both in absolute terms and in relation to the total income of the economic unit involved. If these four conditions are realized, the localities that now fix output quotas on a household basis will develop new forms of collectivization. This sort of development won't come from above as the result of administrative decree, but will be an inevitable response to the demands of a growing production.

ADHERE TO THE PRINCIPLE "TO EACH ACCORDING TO HIS WORK"*
March 28, 1978

We must adhere to this socialist principle which calls for distribution according to the quantity and quality of an individual's work. In accordance with this principle, a person's grade on the pay scale is determined mainly by his performance on the job, his technical level and his actual contribution. Political attitude should also be taken into account, but it must be made clear that a good political attitude should find expression mainly in a good performance in socialist labor and a greater contribution to society. If, in handling distribution, we judged mainly on the basis of his work, that would mean we were following the principle "to each according to his politics" rather than "to each according to his work." In short, distribution should be made only according to a person's work, not according to his politics or his seniority."

HANDOUT 4A

UPHOLD THE FOUR CARDINAL PRINCIPLES*

March 30, 1979

"What I want to talk about now is ideological and political questions. The Central Committee maintains that, to carry out China's four modernizations, we must uphold the four cardinal principles ideologically and politically. This is the basic prerequisite for achieving modernization. The four principles are:

1. We must keep to the socialist road.
2. We must uphold the dictatorship of the proletariat.**
3. We must uphold the leadership of the Communist Party.
4. We must uphold Marxism-Leninism and Mao Zedong Thought."

* Excerpted from Selected Works of Deng Xiaoping (1975-1982), Beijing: Foreign Language Press, 1984.

** The phrase "dictatorship of the proletariat" refers to the Marxist-Leninist precept that society should be dominated by the urban working class (the proletariat) who are the vanguard of the revolution.

HANDOUT 4B

RURAL ECONOMIC REFORM: QUESTIONS AND ANSWERS

(The following article is adapted from the June 1984 issue of the Chinese news magazine China Reconstructs.)

> "But revolution takes place on the basis of the need for material benefit. It would be idealism to emphasize the spirit of sacrifice to the neglect of material benefit."
>
> Deng Xiaoping, "Emancipate the Mind," Dec.13, 1978

China has had good harvests for five years running. The peasant's life has improved markedly, and great changes have taken place in the countryside. The reasons are manifold, but the most important one which can't be ignored is the economic reform in the rural areas, particularly the implementation of the contract responsibility system, in which remuneration is directly linked with production.

Over 90 percent of the peasant households have now instituted a responsibility system based mainly on household production. This has reawakened the peasants' enthusiasm. It can now be said that the system has taken root in China and is of immeasurable significance to the building of a Chinese-style socialism.

Q: What is the nature of rural economic reform being carried out in China?

A: Notable progress has been made in agriculture over the past 30 years. But in reviewing our work we found that there was much room for improvement. In the past, the collective economy operated under a system of highly centralized management in assigning tasks, and in distribution. That isn't quite suited to the needs of the peasants nor the demands of further expansion of production.

One of the important aspects of the reform is to change this highly centralized system into a combination of centralized and decentralized production. However, the collective nature of the economy must be retained. The contract system, closely tied to economic results, is a good reflection of the socialist principle of distribution "from each according to his work" and can bring the peasants' initiative into full play.

Q: With the adoption of the new policies, how will China develop its agriculture in a planned way?

A: We are still trying to find the answer to that question, but so far no satisfactory one has been found. But the following points can be affirmed:

1. China is a country with an agricultural population of 800 million and only a hundred million hectares of cultivated land. Since natural conditions differ from area to area in China, economic development is uneven, and the farm products and peoples' demands for them also differ, so

it is neither possible nor necessary for the government to bring the peasants' economic activities under one unified plan. The state plan now only covers matters that concern the life of the people as a whole, such as the direction and rate of development, the proportional relationship between the various branches of agriculture. prices for the main farm products. distribution of crop-growing areas, the direction for investment and the application of important technology. The government also sees that there is an overall balance of manpower. materials, finances and resources.

2. To fulfill the state plan. government units at the basic level and the grain and commercial departments in rural areas sign contracts with peasants concerning supply and purchase. Each household agrees to sell a certain amount of their crop to the government. If they still have excess over what they can consume. the government is willing to buy the excess at a higher price.

HANDOUT 4B
QUESTIONS ON CHINA'S CONTRACT RESPONSIBILITY SYSTEM

Directions: Read Handout 4B, then answer the following questions.

1. According to Handout 4B, what are some important improvements introduced by the contract responsibility system?

2. Under the reform, what has happened to the role of the state plan?

3. Between what parties are the contracts signed?

4. In the contracts, what does each household agree to do? What happens if their annual production exceeds the level that they negotiated with the government?

HANDOUT 4C

RURAL RESPONSIBILITY SYSTEM: SPOT REPORT*

PENG XIANCHU

The first person to explain to me how the responsibility system works in Huarong county was Liu, a 28 year-old peasant. The system as practiced in his brigade is known as contracting by specializations. Liu and his wife specialize in farming. This year the two contracted with the brigade for 10.6 mu (about two acres) of what is termed "responsibility farmland".

Liu's family also cultivates. under the contract, two and a half mu of food farmland for its own consumption. This, plus their "responsibility farmland", adds up to 13.13 mu. Of the proceeds, 545 yuan goes to the state and the collective fund; the rest they keep. "It's all in the contracts," Liu Wang'er said. "This year, after everything is deducted, I reckon our family will clear at least 3,500 yuan. which comes to 700 yuan per person.

The responsibility system in Wanyu commune is one of "unified management, individual responsibility, and distribution by contract." What do these terms mean in practice?

1. Unified management means that the commune selectively apportions the work according to the nature of the job - to the collective if collective management is more suitable, or to a particular commune member if individual management produces the best results.

2. By "individual responsibilities" is meant that each production brigade contracts its cultivable land to members - 70 percent of it is alloted according to the basic labor points of each individual (responsibility farmland) and the remaining 30 percent on a per capita basis (food farmland).

3. "Distribution by contract" stipulates the state and collective's share of a household's total production on both "responsibility" and "food" land, the rest going into the contracting household.

* Excerpted from China Reconstructs. August 1982.

HANDOUT 4D
EFFECTS OF THE RESPONSIBILITY SYSTEM: EIGHT ARTICLES FROM THE CHINESE PRESS

Directions:

A. Assign the following roles within the group (5 min.):
   1. A facilitator/manager who reads the task instructions, makes sure that everyone contributes to the discussion, and keeps time.
   2. A recorder to write down individual and group answers.
   3. A speaker who will report to the class later.
   4. A harmonizer who provides encouragement to everyone in the group.

B. Each group should have a Chinese newspaper article.

C. One person should read the article aloud (10 min.).

D. Consider the following questions as a group. You will be asked to give a report to the class. You have 10 minutes to prepare answers.

   1. Describe the effects of rural reform according to your Chinese press article.

   2. Did the article consider the effects positive or negative? Why?

HANDOUT 4D
ARTICLE 1

China Daily, July 13, 1984

Another Record Harvest

The grain harvest this summer is expected to be an all-time record despite adverse weather and other natural calamities, Renmin Ribao (People's Daily) reported yesterday.

This is the fourth consecutive year that Chinese farmers have achieved a bumper harvest. According to preliminary estimates by the Ministry of Agriculture, the total output of summer grain this year is expected to exceed last year's by 84.44 million tons.

Farmers this year cultivated more than 30.6 million hectares of summer grain, 87 percent of which was wheat.

Throughout the growing season, north China, the main wheat producing area suffered serious drought and low temperatures, while rice-growers in the south were affected by rain. Some areas also suffered from plant diseases and pests.

However, the paper said, all these natural calamaties did not stop the peasants in their efforts to achieve a good harvest. They improved irrigation, increased top-dressing and strengthened field management. As a result, most provinces and regions have achieved a better harvest of summer grain than last year.

HANDOUT 4D
ARTICLE 2

China Daily, Oct. 29, 1984

Rural China Has New Shopping List

Demands for machinery in the Chinese countryside this year will go up between 38 per cent and 82 per cent depending on type, according to a survey reported by Renmin Ribao (People's Daily).

High on the list of the machines wanted are small tractors, diesel engines, fodder crushers and equipment for rural industries and sideline undertakings, Renmin Ribao said after analyzing a survey of some 20,000 rural households in 25 provinces, municipalities and autonomous regions.

The paper attributed the rise to the growing trend of specialization, the setting up of various economic associations and the expansion of industries in rural areas.

With more income in recent years, rural residents are now demanding more woolen and silk goods as well as leather shoes, which were not on their shopping lists in the past.

Bicycles, sewing machines, radios and wristwatches, the old "four major pieces" as they are known in China, remain fast sellers, but the demand for the new "four major pieces" - - televisions, tape recorders, washing machines, electric fans - and other household electrical appliances is much greater, the newspaper noted.

Compared with last year, the paper added, sales of TV sets will go up by 75.8 per cent; tape recorders, 56 per cent; electric fans, 165 per cent; and washing machines, 480 per cent. Refridgerators have begun to make their way into rural households.

In an accompanying commentary, the paper said that about 60 per cent of commodities produced for the domestic market are sold in rural China, which has a population of 800 million, and with the growth of the rural economy, the percentage is sure to rise.

HANDOUT 4D
ARTICLE 3

China Daily, July 4, 1984

New Eating Habits Trigger Reforms in Food Industry

It is interesting to no-tice some gradual changes in the marketing of food which, in turn, is giving a stimulus to the food industry.

Although there are not yet statistics showing the increase in expenditure on food, it is plain that the majority of Chinese families are earning and spending more than ever. In recent years, the government has had to cut its budget for capital construction to elimi-nate the poverty created by the earlier ultra-leftist poli-cies.

Customers are now scrambling to buy commo-dities which they thought to be worth a king's ransom a few years ago, such as a refrigerator. And they are asking previously unheard-of questions, such as how to make ice cream at home.

There have been suc-cessive good harvests. As a result, increased food sup-plies have offered a larger selection to customers, especially in the free market.

The on-going economic reform has triggered compe-tition among food manu-facturers, which benefits buyers.

Customers are now buying more non-staple food-stuffs, attaching more impor-tance to nutrition and fancying new types of edibles and drinks.

Most families now have sufficient rice or wheat flour, meat, vegetables and fruit. The authorities in various cities are under pressure to solve outstanding problems in the supply of milk, fresh fish, eggs, and bean curd.

Scientisits have made food buyers more nutrition-conscious. In Tianjin, third largest city in China, purchases of vegetable oil and aquatic food in the first nine moths of last year increased 30% and 7% respectively in comparison with the same period of 1982.

Many new types of food are being manufactured with vitamins and Chinese medi-cinal herbs. Yangcheng Wan-bao (Guanzhou Evening News) reported that some 20 new brands of "tonic drinks" are being marketed this summer in a major department store in the southern city.

The food industry and its research institutes are trying to develop new foods designed for pregnant women, children, elderly people and chronic patients. Efforts are being made to reduce sugar and fat content.

One cannot expect the majority of Chinese people to quickly change their eating habits, but Chinese-style "fast food" is being developed. Xinmin Wanbao (Shanghai Evening News) reported a Chinese-style snack-bar in Shashi City, Hubei Province, which serves packaged rice with a Chinese dish for 0.5 yuan. The snack bar has 10,000 customers daily, one-third of them for lunch.

Fast food saves time.

HANDOUT 4D
ARTICLE 4

China Daily, January 22, 1985

'Victims' of new wealth

When chicken raiser Huang Wanxia caught the people who were stealing her chickens, she was still angry, but had to admit that she was amused by their methods.

Huang took pains to guard her chickens closely for days till she caught the thieves red-handed. She was amazed at the lengths to which her fellow villagers went to get her chickens.

The thieves, who sometimes fished in the Yangtze River, had used their fishing skills to steal chickens. They threw baited fishing hooks on threads over the fence, and when the innocent chickens bit, the thieves reeled them in.

"I can't understand why the villagers took so much trouble," Huang said. "We have been good neighbours for generations and theft is anything but frequent here. If they want chicken on their dinner tables, they could have asked me and gotten them free, or at a discount. Stealing is just not the right way of doing things."

Huang's problem is that though caught red-handed, the thieves would not acknowledge that what they had done was stealing. They thought that Huang was rich and they had the right to a share of her wealth.

At 20, Huang has become one of the most prosperous farmers in Wuhu, Anhui Province since she took up chicken raising last April. She has made a profit of more than 10,000 yuan (about $4,000) - a sum at least 10 times more than the average Chinese income.

Huang is one of many farmers who have become better-off through hard work, and then suffered for it.

Shi Shuisheng in Zhuming Village, Qidong County, Jiangsu Province, contracted with the village to plant grapes on 0.3 acres of village land. With knowledge passed down from his father, Shi brought in a harvest last year and made a profit of 20,000 yuan.

After this success, Shi wanted to enlarge his farm, but when he went to the leaders to apply for more land, he was offered unacceptable conditions.

When Shi contracted for the first 0.3 acre of land, he paid 60 yuan per year for the right to cultivate the plot. This year the same conditions are still available to other villagers but not to Shi, who was asked 600 yuan for the same amount of land.

"These conditions would mean me working for nothing. The leaders were envious of my success and could not bear to see me better-off. I have had to give up," Shi said.

Shi believes he can manage a vineyard many times larger than his present one, with a good market for grapes in nearby markets like Nanjing and Shanghai. But he's stymied because his only possible customer refuses to lease him land.

HANDOUT 4D
ARTICLE 5

China Reconstructs, May 1986

Corruption: Why It Occurs, What's Being Done

In the past few years, a number of serious criminal cases have been reported in the Chinese press and also abroad. Some of these involved local government and Communist Party officials, managers of state enterprises, or others in positions of trust. The offenses have included fraud, embezzlement, accepting and giving bribes, profiteering, smuggling and tax evasion.

In some instances, young people with parents or relatives in authority have for a time gotten away with robbery, violent attacks, or even rape-because their important connections protected them. Meanwhile, some people without such links, but ready to do anything for money, have swindled large sums by posing as officials or Hong Kong businessmen, and by selling fake medicines, tainted food, or worthless mail-order "educational" materials (thus playing on the hopes of young people eager to learn useful skills).

Is socialist China undergoing a crisis of values? Have the economic reforms set off a general scramble for money and material things above all else? Has China's policy of opening to the outside world allowed decadent ideas and habits to creep in?

In dissecting the causes, Fei Ciaotong takes a long, historical view. It is simplistic and inaccurate, he says, to lay all the blame on bourgeois influences entering the country through the "open door." Rather, the roots of the problem are internal, and "lie in the age-old soil of Chinese feudalism, and manifest themselves today because of certain specific external conditions." Corruption and abuse of power have been common in China's 2,000 and more years of history. He quotes an old saying: "After three years in a position of authority, even an upright official becomes rich."

With the revolutionary victory and the founding of the People's Republic, a new social climate arose in China, marked by dedication to the public welfare. Older people still recall with nostalgia the days of the 1950's and early 1960's, when acquisitiveness and selfishness were at their lowest, and this was noted worldwide. However, as Professor Fei points out, this did not mean that these "unhealthy tendencies" were eradicated; they were only temporarily driven underground. The decade of the "cultural revolution" created great confusion in people's minds, and the many years of being cut off from other countries resulted in a general ignorance of things foreign.

Fei finds it quite understandable that the sudden opening to the outside world and other policy changes should cause a tremendous shock to people's way of thinking. The absence of an adequate legal system plus insufficient civic education geared both to Marxist principles and the current situation has also contributed to the resurfacing of many bad old habits, which manifest themselves now in corrupt and illegal activities.

- by Yi Xu

HANDOUT 4D
ARTICLE 6

China Daily, March 11, 1985

China will not turn to capitalism, says Deng

The aim of China's open policy and reforms is to develop socialism, not to turn the country into a capitalist economy, according to Party leader Deng Xiaoping.

Although small private businesses and joint ventures with overseas companies and foreign-invest-enterprises are permitted, the socialist public ownership is always the backbone of the economy, he said.

"The goal of socialism is to allow all the people to become rich together, not to produce two classes," Deng said.

Addressing the closing ceremony of a national science work conference in Beijing on Saturday, Deng said: "If our policy results in polarization then we have failed. If it produces a new capitalist class, then we have really taken to evil ways."

Public ownership will always be the predominant force in a socialist economy and in the effort to achieve common prosperity, he said.

The purpose of encouraging certain areas to become prosperous was to enable them to help less developed regions, he added, and this is also true for individuals.

He said some people hope China will turn capitalist and others fear that it will.

While the fear that China could turn to capitalism is not completely unfounded, he said the Chinese people should answer them by facts and deeds that China is not on this path.

"We must particularly teach our next generation and the following generation. We must establish the ideals of communism," he said.

"We certainly cannot allow our young people to be corrupted by capitalist thinking. That is not permissible," he stressed.

The unity of a big country like China depends on two things: ideals of the people and discipline. Without them, success will not be possible, he added.

He also criticized the recent malpractices in the use of State money for illegal business and organizations which adopt measures that run counter to State policies.

"We must remind people, especially Communist Party members, that they cannot do these things," Deng said.

All citizens are required to abide by the law and Party discipline which are the highest criteria for upholding Party and State policies, Deng said.

HANDOUT 4D
ARTICLE 7

China Daily, August 3, 1984

Specialized Production Encouraged

Economic reforms in rural areas are splitting China's 800 million peasants into two main groups - those who go with the tide of commercializing agriculture and those who stick to the old-fashioned way of agricultural production solely for their own consumption.

A story in yesterday's People's Daily (Renmin Ribao) said that only a small percentage of peasants, those who engage in specialized production and have access to markets for their goods, are getting rich rapidly, leaving the majority of the rural population behind.

The People's Daily examined some rich villages in Shaanxi Province and found that in Dongjie Village in Huxian county, a formerly relatively poor production brigade now boasts more than 10 kinds of non-agricultural businesses ranging from a chemical factory to restaurants. They even plan to build a hotel to recieve foreign guests.

The paper said about 10 per cent of Huxian's rural households are engaged in commodity production. Others are expanding sideline productions. Business opportunities are popping everywhere and the area's economy is growing rapidly.

In other counties and villages, by contrast, production for self-sufficiency still dominates the local economy.

Many peasants shun commodity production even when opportunity knocks at their door. In Huangpu Village, Chengan County, peasants shied away from market-oriented dairy production even though the provincial government had agreed to provide low interest loans.

"It costs more than 3,000 yuan to buy a cow," the paper quoted a village leader as saying. "If by bad luck she dies, it's more detrimental than losing a hen." So, the paper concludes many peasants don't take risks. On the other hand, Chinese peasants are easily contented.

The paper quoted the same person as saying that peasants in his village now have enough to eat and wear. "We even have some pocket money to spend. It is good enough for us," he said.

The paper concluded that it remains a tough job to pull the majority of peasants out of small-scale production. It urged those who are progressing faster to help others to get rich by diversifying production.

HANDOUT 4D
ARTICLE 8

China Daily, Sept. 5, 1984

Shanghai Poultry Farmer Brings Wealth to Others

SHANGHAI - Rural residents who have gotten rich by undertaking special production in recent years aren't all just sitting back and enjoying their wealth. Lu Longgen, 39, a chicken breeder of Huangdu Township, Jiading County, in the Shanghai administrative area, has taken a lead in the growing movement in the countryside to organize voluntary co-operative organizations.

Since early childhood, Lu Ronggen has wanted to raise chickens. He used to study the few chickens his mother brought home to raise in preparation for Spring Festival. In junior middle school, Lu took part in the biology club, learning to breed chickens and rabbits. His formal schooling ended with junior middle school. In addition to working on the land, he bought several chickens to breed at home.

He became noted among his neighbours for his poultry's high survival rate and his economical feed mixture. He added to his experience that of others, by searching out books on poultry raising.

Last year, a neighbour, Zhang Genyong, found most of his chickens suffering a kind of epilepsy. Veterinarians weren't sure what it was. Zhang stood to lose 3,000 yuan. His wife burst into tears. In despair, Zhang thought of Lu, who came to look at the dying chickens, then remembered having read in an American book, "Disease of Poultry," about such an illness. He diagnosed it as vitamin E deficiency. When vitamin tablets were mixed in the chicken feed, all the birds recovered except five.

For a long time, Lu was criticized and persecuted as having "taken the capitalist road." During the "cultural revolution," he was accused of being a spy and was kept in custody for 41 days.

But after China's agricultural policies were changed in late 1978, Lu was quick to sign a contract to specialize in raising chickens. By the end of 1983, his net income had totalled 45,400 yuan and he had installed an automatic air-conditioned incubator. In October 1982, the Shanghai Committee of Agriculture and the Municipal Office of Finance and Trade cited him for his contributions to the development of diversified production.

As his business expanded, many peasants came to him for help. He gave it free of charge, even finding customers for them. When a poor man from far off called on him, Lu put him up for days.

Of course, Lu admitted that he also benefitted. "To benefit doesn't necessarily rest with money. I gained both in reputation and in sales. It was a question of influence, of encouraging others to come to buy."

Among Lu's relatives, friends and neighbours, more chicken raisers went into business. They not only supplied the market with poultry and eggs in large quantities, but became well-off.

But there were problems. As single families, they were limited in expanding their business. And so the co-operative was born.

As the pillar of the co-operative, Lu sees to it that the purchase and processing of feed are unified and that a veterinarian is responsible for guarding against poultry diseases, ready to help at short notice. By the end of this year, the gross income of all 40 households is expected to be 650,000 yuan bringing in a profit of 150,000 yuan or 3,750 each. They say that cooperation is the right approach to prosperity.

Lu himself lives a moderate life. He said, "I don't want much for myself, but for our enterprise I'm avaricious."

- by Xie Qiao

BACKGROUND - LESSON 1
Rural Development: An Introduction

Over the last three decades, the "Third World" countries have become increasingly important actors in world politics and economics. People around the globe have become aware of these countries, especially through the media. Take for example this list of current events: "Latin American Debt Crisis Worsens," "Earthquake in El Salvador," "Famine continues in Ethiopia," "Rapid Economic Development in China Spurs On Ambitions." The importance of the Third World cannot be underestimated. This is particularly true with the growing interdependence of the world's economy. The subject of Third World development is a concern not just for those countries themselves, but for all of us.

The goal of Rural Development in China is to describe briefly China's rural reform, as an example of a Third World country's path to modern development. In this section, the basic issues and ideas of "development" will be discussed. Although there are infinite problems each Third World country faces when designing a path to development, we will attempt to describe some of the common issues. In the second section, the social and ideological basis for policies adopted in post-1949 China will be explained. The third section focuses on organizational and policy debates which have arisen during the course of China's modern development (i.e. since 1949), and on how economic policy has changed. Particular attention is given to the idea of redistribution and to a description of the commune system. The final section is a description of the "responsibility system," China's current policy in rural reform.

What is the "Third World"? Why is development needed?

The term "Third World" was coined at the Bandung Conference of 1954 by Nehru. In its original meaning, the term was a political one, referring to those countries which were non-aligned (i.e. not in the "first world" - the U.S. dominated capitalist world or in the Soviet dominated, socialist "second world.") In its present usage, the term has economic implications, referring to those countries which have certain low levels of GNP or per capita income, in other words, the world's poor nations.

Of all the countries in the world, about 75% belong to this category. Their per capita incomes (in 1981) range from U.S.$80 to U.S.$5670 (U.S. per capita income is $12,820). In fact, the developing countries are further divided into two groups, the low income countries, with an average per capita GNP of $275, and the middle income countries, with an average per capita income of $1500. While these statistics are one indicator of the condition of these countries, they do not adequately reflect the general quality of life. Most of the population in the Third World suffers from extreme poverty, malnutrition and starvation, low levels of education, and a lack of modern technologies. (For more information please see the SPICE/ Latin America Project unit entitled CONTRASTING URBAN LIFESTYLES IN BRAZIL).

What is development?

When do we say that a country is "developed" or "developing"? For most countries in the Third World, the path to development involves several steps. The most basic stages of development will include some type of rural reform, both to improve the quality of agriculture, and make this sector of the economy stronger in order to help support the costs of the expensive process of modern industrialization, which, in most cases, is the second step to development.

Shared Characteristics Of The Third World

The Third World is a very large group of countries (over 90), and is therefore a diverse conglomeration. However, the majority of these countries have certain shared traits which are important to keep in mind, especially when studying one country as a representative of the whole.

1. Agricultural Base

A society or economy that is "agriculturally based" is one where most of the population (around 75-80%) are working on the land. In the United States only about 3-5% of the population grows the food we eat. However, in most developing countries, the vast majority of people are employed either in farming, animal raising, forestry or fishing. In China today, approximately 77% of the population is rural.

2. Poverty

Another characteristic common to developing countries is their greater degree of poverty. In the west, using the United States as an example, most countries are quite affluent. One basic indicator of this is per capita Gross National Product (GNP). For example, in the U.S. in 1981, per capita GNP was $12,820, while it was only $300 for a developing country such as China. We can picture a household's affluence by considering whether a typical family owns a car, a television, or even whether a typical residence has running water, heating or electricity. In developing countries, most families would have none of these. Things that we consider necessary are luxury items in the Third World. In most of those countries, including China, it is still rare for an individual to own a car, or even a small item like a watch.

3. Population Growth

Population growth in the developing countries is a problem of major proportions, and will continue to be for many decades. Population growth in the developed world has declined since the beginning of industrialization. However, in the developing countries it has greatly increased for several reasons. One is that in an agricultural society a larger family increases family income and security. As nutrition and better health and medical care have reduced disease, mortality rates have sharply declined. People live longer and fewer die young; as a result, population

growth rates have increased. In China, the population has doubled between 1949 and 1982, from 541,670,000 to 1,008,175,000. And there are countries with higher growth rates than China's.

High rates of population growth are a problem because more and more people must compete for limited resources such as food, housing and jobs. A growing economy would increase the output of food and products and create work for the growing population. If the economy does not grow faster than the population, the standard of living will not improve. Food yields could be greatly increased through modern agricultural techniques. This means an infrastructure of dams and pumps for irrigation, roads and railroads for moving agricultural products, electricity and energy systems, and chemical fertilizer plants would also have to be developed. Better education, to enable people to function in a modern system, would also have to be established. An obvious problem with this long list of needs is that the costs of establishing such a modern infrastructure are quite often prohibitive. Most developing countries cannot afford this type of modernization without the aid of the developed world. This is true of China as well.

4. Socio-Cultural Factors

There are also many complex social and cultural characteristics in each country in the Third World which may not encourage development. For some countries, the existence of several native languages or of several strong religious delineations has impeded modern economic growth. In general, there are sometimes contradictions between traditional society (and possibly a part of the country's unique culture) and the preconditions for modernization and development.

5. Colonialism and History

The last shared characteristic of many of these developing countries is that at one time they were colonies of western nations. There is a debate among development experts over whether these countries would have developed if they had not been colonies. Whether colonialism actually deterred the process of development or not, it has had a big impact on the colonized countries. Some people believe that the western "imperialists" used these colonies as sources of raw materials, cheap labor and as markets for their own products. In essence, it was an exploitative relationship. Not only did this situation inhibit the growth and expansion of the colony's internal economy, but it also limited the development of independent governmental institutions. It was only after gaining their independence that these ex-colonies were able to begin the process of modern development.

Other people say that the western countries and the Third World had a mutually beneficial relationship. The western countires introduced to these colonies modern technologies (which set them off down the path to development). Conversely, the western country benefitted by gaining access to vital raw

materials and other natural resources.

China is one of the most outstanding exceptions to this rule. China was never formally a colony, and had a truly independent empire for two thousand years. However, beginning in the late nineteenth century, there was an infiltration into China of westerners. Eventually, these foreigners were given concessions and small colonies of westerners were created. The impact of these foreigners on China's economy is still a greatly debated issue.

How to Develop?: The Search for a Path

For each of these countries, a conscious decision must be made about what plan for development should be adopted. In creating developmental policies, there are several basic sets of decisions which must be made or considered. This decision-making process is often structured by political considerations. However, for all developing nations, certain issues must be considered.

1. Equity vs. Growth

Some developmental economists argue that a country must make the choice between redistribution of the country's wealth and resources, to make a fairer society, and rapid economic growth and modernization. While it is arguable whether rapid growth and redistribution are mutually exclusive, it is certain that every country must choose its priorities. In most cases, rapid economic growth based on technological advances will not meet all the demands of improving the quality of life for the population as a whole. (Sometimes rapid economic growth exacerbates distributional problems). Conversely, pursuing a goal of redistribution and increased social services will probably delay the process of rapid economic growth. Thus, a choice must be made. As will be discussed below, China has vacillated between the goals of redistribution as a priority and growth.

2. Self-Sufficiency vs. Dependence

As described above, the costs for modernization, especially in industry, are beyond the financial means of most developing countries. Again they must make a choice, either accepting outside aid, and thus becoming obligated to a developed nation or trying to develop without any outside aid, a choice which will slow down progress in development and modernization immensely. Again, a decision must be made, even when a country's choices are limited.

Since the agricultural sector constitutes 75-80% of the economy of most developing countries, it is necessary for these nations to concentrate, in the beginning, on agricultural reform. The main goals of these countries is to modernize the economy, to improve the agrarian sector and add an industrial one. Rural development is a part of modernization. The goals of rural development are to increase the quantity and efficiency of

agricultural production, and thereby to improve the lot of the rural population. The rural sector, in turn, will support and fund the expansion of the industrial sector.

In the case of China, one of the largest and most influential Third World countries, its path towards modernization began with agricultural reforms and continues to focus on them today. It is for this reason that China is an important case study. In the next section, the social and ideological bases for China's rural reform will be explained, as a means of understanding this complicated process of development.

BACKGROUND - LESSON 2
RURAL DEVELOPMENT IN CHINA: SOCIAL AND IDEOLOGICAL BASES

Since 1949, under the Chinese Communist Party's leadership, China has been known as the People's Republic of China. The party took power after many years of war and revolution. This section explores the revolution's social and ideological bases- especially the issue of redistribution - in order to better understand China's development policy, the problems it addresses, and its means of solving them.

Social Causes of the Chinese Revolution

The collapse of the Qing (Ch'ing) dynasty in 1911, which had ruled China since 1645 through a series of absolute monarchies, represented the end of what is called the "traditional period" in Chinese politics. But the transition from traditional to "modern" forms of government is seldom accomplished easily or quickly. In China's case there followed almost forty years of conflict and turmoil over what system should prevail.

By the late 19th to early 20th century, the failings of the traditional society were obvious to some thinkers in China, such as Sun Yat-sen. The success of the Russian Revolution in 1917 suggested that there were basically two - both western- alternatives, the capitalist system and the Marxist-Leninist one. This political debate was centered in the cities and affected relatively few Chinese, since about 85% of the population lived in the countryside. Problems in rural life later became very important to the political struggle as it gradually spread to the countryside.

The issue of equality and social justice is fundamental to an understanding of the Chinese Revolution. There is serious debate among scholars as to the economic situation and level of inequality in China before 1949. While a new school of economists believe that the situation was much less severe than previously thought, they would agree that economic inequality did exist. However, it has generally been held that in China, widespread poverty and unequal distribution of the available wealth were essential problems. In traditional China, as in many present developing countries, wealth was distributed unequally: a small percentage of the population possessed most of the land and capital, while many peasants lived in serious poverty. (The alternative viewholders would disagree, saying that in fact 40% of small farmers owned their own land). A middle class was practically nonexistent.

Landlords owned from 35 to 50 percent of the cultivated land, usually with very poor peasants living on it as tenants. The peasants often gave more than half of their crop to the landlord as rent, in addition to the taxes they paid the government. This often left little on which to live. Many families were heavily in debt year after year. Many small independent farmers had lost their small plots of land to the

rich, when in bad years farmers were forced to borrow, at very high interest, in order to get enough to eat.

Although the magnitude of the problem varied by region, the problem was nationwide. There was little possibility for a poor family to get out of this system. A few monopolized the power and resources. The rich saw little reason to change. The poor were dissatisfied. The ideals of socialism seemed to be directly related to problems such as the Chinese had, and that many countries today continue to have, that is how to equalize the distribution of wealth among the nation's entire people.

The Influence of Marx

Karl Marx's ideal was to create a society in which no one used the labor of others for his own benefit; labor was to benefit the whole of society at once. Equality of economic position is a central idea of Marxism. As Marx saw it, people gained advantage over others by owning the "means of production," for example, farmland (used to produce food) or a factory (used to produce goods). A "socialist" system is one in which ownership could be put into the hands of the whole society, administered by the government, and when the wealth was created (money and products) shared among the people according to how <u>much</u> work they contributed. If the wealth were distributed according to <u>need</u> rather than quantity of work, you would have a "communist" system. According to Marx, societies were progressing from feudal to capitalist to socialist to communist. Socialist systems of government exist today, but as yet no "pure" communist ones. Although the Communist Party rules socialist nations, the transition to communism has not been completed.

The Idea of Distribution in China

Taking the wealth of a nation and dividing it equally among the population is <u>redistribution</u>. The inequality of wealth and privilege between rich and poor in pre-communist China provided a fertile medium for the growth of socialism. The vast majority of poor were led by the CCP (Chinese Communist Party), to believe that they could change this situation and cease being exploited by the upper classes. To this end, and under the military leadership of Mao Zedong and others, the CCP mobilized the desires of the masses of peasants. Despite tremendous hardship and loss, the CCP and the peasant masses overthrew their opponents, the Kuomintang, who represented a continuation of the old ways of private ownership. From the founding of the CCP in 1921 (with seven members including Mao) until their victory in 1949 (when they had over a million members), 27 years of bitter struggle against heavy odds elapsed.

Reorganization and Redistribution

Once in power, the Communist Party still ruled an impoverished, underdeveloped country, torn by years of war. Reconstruction and development were the top priority. The task

was to develop using the socialist ideal.

Most people lived in the countryside and redistribution was a major promise made by the CCP. One of the first choices was to redistribute the land. Redistribution in the 1950's took three steps.

First, from 1950 to 1952, land was confiscated and reallocated on the basis of class -- the land was divided up more or less equally among everyone. This was often violent. The worst landlords were sometimes badly beaten or even killed by their former tenants.

In the mid-1950's, land ownership was taken out of private hands. The land was divided into collectives where large groups of people worked together on land they owned not as individuals but as a social unit. Later yet, communes of even larger size, frequently 70,000 - 100,000 persons, were formed. The communes were divided into smaller sub-units of collectives, called production brigades and production teams (these will be discussed in the next lesson). Large communes never worked very well and later they were made smaller. The land was redistributed, in order to equalize the standard of living of the rural population, and exemplified the ideological (socialist) basis of the Chinese revolution.

Redistribution and Development

Redistribution does not mean that a country has more wealth, only that the wealth has been distributed more equally. Theoretically, if the government controls a nation's resources, wealth and natural, it can plan the nation's economic development. Planning includes controlled investment in heavy industry (e.g. steel mills) or agricultural modernization (e.g. machines, fertilizer) so as to raise the level of affluence of the nation.

Two criteria may be used to judge a country's development. 1) Has the country industrialized substantially? and 2) Is it more secure from hunger and disease? In other words, is life better than it was? As we will see in the next section, China has had many problems and setbacks in its 35 years of national development under a socialist system. At the same time, by the standards of many developing third world countries, China's economic performance has been quite impressive. First, China's level of industrialization has risen tremendously. It is on its way to being a main producer of such primary industrial products as steel. China's level of material security has also increased. Although the supply of available food has only marginally kept ahead of population growth, China has nearly succeeded in keeping the population free from famine and epidemic disease which plague other developing countries. In these respects, China's path has been more successful than most other developing nations.

BACKGROUND - LESSON 3
ORGANIZATION AND POLICY DEBATES

For every Third World nation, an important goal is to identify a set of development policies. As each of these countries settle into a path to development, debates over what policy should be followed inevitably ensue. In China, economic policy-making (and hence economic development) has suffered from a long history of fluctuations due to these debates. The last section discussed the social problems and ideological goals (redistribution) that prompted changes in actual economic policy. This section will focus on the debates that have taken place in policy-making, and will attempt to explain the arguments of various sides. Also included in this section is a brief description of the various eras of economic policy and what the effects and outcomes of those policies were. The section concludes with an indepth description of the commune system, which was at the heart of the "Chinese Path" until recently.

Sources of Debate in Economic Policy

1. Ideology

Although the issue of ideology was covered in the last section, it is an essential source of debate in economic policy and therefore deserves to be reiterated. Among the Chinese policy-makers, there were essentially two factions - the "radicals" (Maoists) and the "reformists" (originally the Liuists, now the Dengists). Both groups shared common socialist goals of communal ownership, a classless society, and "socialist transformation." However, Mao had developed his own theory about socialist development which was uniquely Chinese. He believed that people were the greatest human resource, and that given the correct political "direction" and socialist fervor, this resource of energy and labor could easily be tapped and used to push China forward towards the goal of socialist transformation and development. This viewpoint, based on ideological zeal and self-denial for the cause of China's socialism, was considerd to be too idealistic by Mao's opposition. The reformists based their policy-making on the idea that people could be motivated through material incentives. That is not to imply that the reformers belittled the role of ideology, however, they did believe that people are self-motivated. This basic difference in ideology influenced the policies advocated by both factions.

2. Priorities

There were three basic groups of priorities which had to be set in order to make economic policy. The first issue was that of sectoral priorities, in other words, which sector of the economy (agriculture, heavy industry/light industry, or services) was to be given strategic preference in the economic plan. In most eras of policy, the most important choice was between emphasizing agriculture or heavy industry.

A second issue concerned centralized versus decentralized economic planning and decision making. The Soviet model of

economic development, which China followed in its initial stages of development, required a high degree of centralization. In fact, the Soviet-type economy is called a centrally-planned economy. The Maoists actually called for a fairly low degree of centralization, preferring to give autonomy to local governments and political organs. The reformists also called for a low level of centralization, stressing that autonomy in decision-making by producers and consumers rather than by political or government bodies would help rationalize the economic structure, particularly if market forces were also allowed to operate to some degree.

The third issue had to do with self-sufficiency in two senses. First, whether or not to engage in international trade and rely on outside aid for economic assistance. The Maoists were strongly opposed to any form of outside aid and preferred low levels of international trade, stressing China's independence as a major strength. The reformists, however, were not opposed to foreign aid and trade. The second issue was regional self-sufficiency versus regional integration. The Maoists stressed the idea of self-sufficiency at all levels. The reformists argued that regional integration was the more rational and economically beneficial strategy.

3. Policies

These debates over priorities translated into debates over actual policies. The ideological debate resulted in two different policies - one based on material incentives and one based on moral incentives or mass mobilization. The sectoral debates led to swings in the amount of attention and investment given to any one sector, for example during the First Five Year Plan when heavy industry was favored at the expense of agriculture.

In order to clearly explain these policy fluctuations, it is best to examine in detail the actual eras of specific economic policies and to examine the outcome of these various policies.

A Summary of Post-Revolutionary Economic Policies

1. Recovery: 1949-1952

In the immediate post-revolutionary era, there was little debate over what economic strategy to adopt. The initial steps were to restructure the society in order to begin socialist transformation. In industry, that meant nationalization of all existing companies and industrial assets. It also included a move to re-establish industries which had been interrupted by the civil war.

The most important post-revolutionary reforms had to do with fulfilling the promise of land to the peasants. Land reform, the process of seizing and redistributing the land, was the first priority of the new government. It was also a very large task which required a lot of organization and which was also often

violent (due to the pent-up anger of farmers who had been mistreated).

2. The First Five Year Plan: 1953-1957

The First Five Year Plan (FFYP) was based on the Soviet model of economic development. This was a logical choice for the Chinese, who were (at the time) political allies of the Soviet Union and who relied on them for advice and trade. The Soviet model was also the only tried and tested socialist model of development that existed at the time.

There were two basic elements to the Soviet model. The first was the reform of the agricultural sector into collective and co-operative units. The belief was that a larger unit was economically preferable; it was also in keeping with the ideological goals of the state. These units were integrated into a highly centralised planning scheme, and were given mandatory production quotas to fulfill.

The second, and most important, characteristic of the Soviet model was its emphasis on heavy industry. It was believed that in order to build a strong socialist country and make great strides towards "socialist transformation", it was essential to build up industrial capacity in primary industrial products. The idea was that, because the country was basically agricultural, the agricultural sector would be the base of the economy, supporting heavy industry. However, there was very little support for the agricultural sector from the state (i.e. very little investment or input of productive factors). In the end, the FFYP had disasterous effects on the entire economy by pressuring the agricultural sector to the point that it was no longer able to produce enough food for the country.

3. The Great Leap Forward, 1958-1960.

In reaction to the imbalances in the economy that the FFYP had caused, the Maoist faction came to the forefront of economic policy-making and developed a plan to rebalance the economy; to make it "walk on two legs." The plan was based on the idea of moral incentives and revolutionary fervor, and was a conscious break with the Soviet model and towards a truly Chinese development strategy. It called for a great push in agriculture, in particular it called for rapid collectivisation (and formation of communes) and a simultaneous increase in production. This time, industry and agriculture were to work together. In the industrial sector there were moves towards decentralisation (to allow for a degree of self-sufficiency) and towards a downplay of centralised planning, with the hope that this would improve the rate of industrialization. The main emphasis of the Great Leap was the organization of the communes, which represented an ideological step forward towards the goal of communism, and which also was intended to spur on rapid economic growth.

However, the GLF was an economic failure. The fact that farmers were discouraged by the lack of incentives coupled with

bad weather had led to a drop in agricultural output. Faulty planning had had the same result in the industrial sector. By 1960, China was suffering from a severe agricultural crisis, and it was time again for a change.

4. Readjustment, 1961-1965.

As the name of this era suggests, it was a time of readjusting the economy to try and balance the various sectors and rationalize the entire structure. During this period, the reformists re-emerged as the leading makers of economic policy. In agriculture, they stressed a reduction in the size of the communes (which were bureaucratically unmanageable) and a return to private plot farming. They also advocated the use (to a degree) of markets and the reduction of the level of economic planning.

In industry, they stressed the development of advanced industry (to counterbalance the existing primary product output). However, in general, they placed their sectoral priorities in agriculture and light industry over heavy industry, although the latter continued to recieve the bulk of state resources. The policies of this retrenchment period were an open challenge to Mao's authority and his desire for "socialist transformation." It was the resulting factional struggle which would lead to the Great Proletarian Cultural Revolution.

5. The Great Proletarian Cultural Revolution: 1966-1976

For the most part, the Cultural Revolution was an era of severe political turmoil and unrest. It represented an attempt by Mao (and later the Gang of Four) to regain political prestige. Because it was such a chaotic era, information concerning what the policies actually were or how the economy was changed during this time is difficult to obtain and hard to assess. In general, this was the height of Mao's use of moral incentives to spur on economic growth. The peasants and the countryside were held as revolutionary examples for the whole society, and there was a great emphasis on learning from the countryside. During this period, Mao also stressed the importance of self-reliance in agriculture and of the communes as a social and economic unit. In industry, the main goal was to continue to support agriculture. It was during this period that the policy of rural industrialization was strongly promoted.

6. The Four Modernizations: 1976-present

With the fall of the Gang of Four in 1976, power was essentially returned to the reformist faction (who, for the most part, had been denounced during the Cultural Revolution). Since 1976, there have been major changes made in basic economic structure and policy. In the industrial sector, the reformists, and primarily Deng Xiaoping, created a policy of autonomy for industries and decentralized decision-making. Each individual factory or unit is responsible for its production, profits, and inputs. Some planning remains, especially in allocating precious

materials, but the degree of liberalization is marked.

The recent reforms have stressed foreign trade and investment as a major catalyst for economic growth and foreign exchange earnings (which are needed to purchase high technology assets). This policy of "opening up to the outside world" is another vast change from previous policies.

In the agricultural sector, the entire organization of production has been changed. The communes have effectively been abolished, although they do exist as an administrative entity. The new system is called the "contract responsibility system." The main characteristics of the system are that the land is contracted to individuals or families, who promise to fulfill a certain state quota. Anything that the farmer produces above the quota can be sold in a free market or back to the state for an above-quota price. Another characteristic of this system is that it is based in part on market forces and material incentives. Thus far, these changes have been successful; so successful that some people are calling these reforms a "second revolution".

The Commune System

The commune system was initially the backbone of rural reform and of the economic development strategy in China. In order to understand how China has developed and changed since 1949, it is necessary to understand what the commune system was and how it worked. The strategy of "communization" was considered necessary by the government (and the Party) for both economic and political reasons.

1. <u>The Ideological Background</u>

Within Marxist-Leninist doctrine, and in Mao's thought as well, the commune represented the selfless spirit of the "new man", who was to be completely dedicated to the communal society. Mao believed that moral incentives (such as "working for the good of society") could be used to induce workers to produce at maximum capacity. Communization sought to destroy class and family ties, as well as private ownership, in order to establish a perfectly egalitarian society. Thus, there were three essential political and social goals to communization. The first was to reorganize society along more ideologically "correct" lines. Thus, the commune was established not just as an economic unit, but as a new organization within society which integrated economic, political, and social functions. Two goals of this reorganization were to establish collective ownership of all means of production and to create a means of equally distributing welfare services and income throughout the country. The move towards communization was therefore seen as pushing China far down the line towards accomplishing the ultimate political goal of creating the perfect communist society.

2. <u>Economic Goals</u>

The creation of the commune system had economic as well as

political goals. In terms of economic organization, the communes were necessary in order to establish centralized planning and allocation of resources. In reaction to the heavy planning burden placed on the state during the FFYP, the creation of communes was geared towards being able to place almost all major economic decisions in the hands of the commune administrators, in other words, it allowed the state to decentralize decision-making. From the farmer's point of view, however, the creation of the commune meant a centralization of decision-making, from the production team up to the level of commune. A second and related economic goal of communization was to increase the level of self-sufficiency of units within the economy. Thus, the commune would, hopefully, be able to provide for itself all the agricultural and industrial products it required and would still be able to meet all state quota requirements.

A third economic goal was to create economies of scale. It was believed that by combining all the country's land holdings into communes, the amount of land available for farming would be increased. (This was because much land was lost in the strips that divided private properties.) A second aspect of the economy of scale goal was that by farming bigger tracts of land, the state hoped to increase efficiency and production.

3. The Process of Communization.

The re-organization of the countryside was carried out in several stages. In the initial stages after the revolution (1949-1952), the state carried out land reform, or redistribution of the land. During the FFYP, the party undertook the initial moves to "socialize" the structure of agriculture. Originally, this meant that people were brought together, in small groups of 7-10 families, to share production tools and assets (animals) and even to share in the work (at harvest time, for example). At this earliest stage, the farmers were paid not only for how much work they did but also in terms of how much they had contributed to the collective means of production. Land was collectivized under a "three-level management system". The three levels of organization were the mutual aid teams (groups of up to 10 families, who continued to be paid according to their contribution to the collective means of production), the lower level agricultural producer co-operatives, APC's, (30-50 families), and higher level agricultural producer co-operatives (200-300 families). In this stage of collectivization, the means of production were owned collectively, and thus the farmers were paid only in terms of how much they produced. However, private plots were still allowed. By the end of this period (FFYP, 1953-1957), over 90% of agricultural households belonged to higher level APC's.

Beginning in 1958 with the Great Leap Forward, the push for the creation of communes got underway. Under this system, the three levels of management were the production team (30-50 households), the production brigade (200-300 households), and the commune (20,000-30,000 households, or roughly a township). Thus,

the commune system involved much larger groups of people. The commune held almost all of the responsibility, at least in the initial stages. It was responsible for the allocation of land, labor and capital for local industrial, agricultural and sideline (i.e. raising animals) production, and for large capital projects. All decision-making was made at the commune level, and all means of production were owned by the commune as a whole. The commune management was also responsible for the tax payments and income distribution of the entire commune.

However, these responsibilities were gradually decentralized to lower levels within the commune due to problems of inefficiency. For the majority of the history of communes in China, the teams were responsible for the allocation of the means of production, for taxation and quota fulfillment, and for wages (work point accounting). The brigade acted as a supervisory entity and the commune functioned largely as an administrative entity.

The Commune System: Problems and Debates

The commune system had the long term effect of having created an administrative and managerial structure in the countryside which could be used to implement policies and to allow the state some degree of control in the rural areas. However, the commune system was an economic failure.

While the commune system was, in theory, a good plan for rural development, several problems arose which undermined its' success. The first was that the new system of wages which was devised (i.e. paying farmers according to "need" and not according to work) was a disincentive. Mao had hoped that the farmers would be able to rely on moral incentives (as opposed to material incentives or wages which reflect the amount of labor performed) to work at maximum capacity. However, the incentive to produce was very low and thus production fell.

A second problem which resulted was the low level of efficiency of a centrally administered commune. The commune was unable to take into account all of the factors vying for means of production or capital. There was a lot of inaccurate information passed up the bureaucratic line, particularly about production levels. Data was grossly overestimated, and these errors resulted in further errors in planning. A related problem was that many of the party cadres leading the commune management were not trained in agriculture or economic planning, and therefore made many mistakes. The commune as a unit was too large to be managed by one set of people at the highest level.

A third problem with the commune system was that in promoting self-sufficiency, the comparative advantages of

different regions were not taken into account. Regional interaction was sacrificed.

The fourth, and most important, problem was that instead of increasing the level of agricultural production, production fell. Although the food shortages and economic crisis which resulted from the Great Leap Forward were not all a direct result of communization, it can be said that the commune system did not have the positive effects that the state had expected.

BACKGROUND - LESSON 4
POST-MAO AGRICULTURAL REFORMS

1976: The Turning Point

1976 was a major turning point for China. The deaths of Zhou Enlai, Zhu De, and Mao Zedong, followed by the seizure of power by the Gang of Four, the counter-coup which displaced them and the subsequent rise to power of Hua Guofeng and Deng Xiaoping all marked the beginning of a new era. The leadership formulated a new economic path for China, which combined ideas from the early 1960s as well as the new, more liberal concepts of the early 1970's.

1. The Problem of Succession

In the wake of the Cultural Revolution, and with Mao's health and mental capacities faltering, the question of succession was of primary importance to all political factions. While Mao had deteriorated as a capable leader, a group of key political personnel, led by Mao's wife Qiang Qing, isolated Mao from the rest of Beijing's decision-makers, and slowly began to control the country (the Gang had access to the mass media and the urban militia). The Gang of Four, who were ultra-leftists, also planned a coup to take control of the state and Party and to alter Mao's papers so that the Gang could "legitimately" take control of the country through succession.

In opposition to the Gang of Four were Hua Guofeng, Mao's chosen successor, and Deng Xiaoping who had been groomed by Zhou Enlai and who was supported by a large faction within the government. Finally in 1976, the Gang was captured by this opposition in a counter-coup, and Hua and Deng took over control of the government. Slowly, from 1976-1978 (with one exception when he was purged in 1977 after the Tian'An Men incident), Deng gained complete control of both the Party and the state, and has since then reshaped the direction of China.

POST-MAO ECONOMIC POLICIES

1. The Four Modernizations and The Ten Year Plan

In 1975, Zhou En-Lai gave a speech to the Fourth National People's Congress in which he stressed the importance of modernization in four vital areas -- agriculture, industry, modern defense and science/technology. He also stressed the importance of establishing a "comprehensive industrial and economic system." These ideas were the basis of the current reforms.

In February 1978, Hua Guofeng announced the formulation of a Ten Year Plan (for 1976-1986). This plan emphasized the importance of quickly increasing the Chinese standard of living in order to gain support and trust from the Chinese people. It was essentially overambitious in its goals; it called for rapid industrialization and for high increases in agricultural

production. It established fairly overoptimistic growth and investment targets which were beyond the means of the national budget. It stressed centralization in economic control, and high rates of investment in heavy industry and capital construction. In agriculture, it stressed the increase in sideline production and a shift to the policy of pay according to work.

The policies of the Ten Year Plan quickly ran into severe problems, like the overextension of state funds (and resulting national deficits) and the cancellation of two important and expensive joint-venture projects. Thus, in 1979-1980, the government readjusted the policies to a more reasonable level of expectations.

2. The Seventh Five Year Plan

The current economic plan (for 1986-1990) is called the Seventh Five Year Plan. This plan has several dimensions. It emphasizes increasing levels of foreign trade, imports and foreign investment. It stresses the importance of efficiency and quality, and of education and technical training in particular ("expertness"). It has as a general goal increasing the standard of living throughout the country, but at the same time stresses the need for moderate rates of growth.

The priorities of the plan are for investment in infrastructure and basic industries. In industry, it encourages the economic units to act like businesses, to be aware of profits-to-losses ratios and to take into account issues of efficiency. The state has returned to a system in which most products are allocated through the market (except for the most valuable inputs) and in which pricing policies are beginning to reflect demand.

An important innovation of the reform is the restructuring of rural, agricultural structures and economics. This change in the countryside, begun in 1979, is called the "contract responsibility system." Because this new system has revolutionized life in the countryside (or rather life for 75-80% of China's population), it is important to examine it in detail.

THE RESPONSIBILITY SYSTEM

1. General Description

The new system is characterized by a reorganization of production through decollectivization, combined collective and individual endeavors, greater decision-making autonomy at the household level, and improved incentives. The commune as a unit combining political, economic, and social organization has been reworked into a set of smaller collective units. Administrative and political functions below the county level are now the responsibilities of the "xiang", or township. The collective, a term that has replaced "commune," still retains the role of economic overseer, organizing and managing services that are too large in scale to be handled by its smaller component parts.

The key change has been the introduction of household contracts. Under this system, the land, still owned by the collective, is distributed under contract to families on the basis of the number of people in the family or according to its labor power to farm the land. In addition, the household is alloted draft animals, and small and medium sized farm equipment. Decisions about which crop to grow and how to manage production can be made by the individual household. The household signs a contract with the production team or the collective to produce a certain quantity of agricultural commodity for the unit. After paying a state agricultural tax, anything earned over and above the quotas belongs to the peasants themselves. They can either choose to sell it to the government at a "bonus" price (as much as 50% more than the official price paid by the government per unit), or sell on the free market. Free markets, which had existed during the Cultural Revolution but under severe restrictions, are now flourishing. Prices are usually higher than at state stores, but quality is better. Efficiency in production is therefore boosted by these new incentives to work well and reap the benefits.

The increase in prices paid to the peasants for their produce has led to a substantial shift of income and buying power into the rural areas. Along with greater buying power comes greater demand for material goods. Items such as televisions, radios, bicycles and even refrigerators and washing machines are popular. Peasants are also able to buy and own their own trucks and tractors for passenger and cargo transport. This rise in rural living standards and income has given a new emphasis to the development of China's light industry and consumer goods production.

Decentralization of administration, planning and decision-making to the household or individual level has spurred on a new entrepreneurial spirit in the countryside. Some households have elected to stop farming in order to spend their time raising animals for sale, operating shops or doing service jobs like tailoring or carpentry. Specialized households engaging in sideline production such as poultry raising and fishery are increasing. From a self-supporting and self-sufficient model, the rural economy is being transformed into a large scale commodity economy. Village communities are turning into corporate business entities and collectives are often regarded as corporations.

Diversification of the rural economy by expanding rural industries is also encouraged to absorb surplus labor and to control rural migration to the cities. Township-run enterprises and peasant-run joint businesses enable peasants to engage in non-agricultural undertakings in their own villages. These enterprises supplement state-owned industries.

Rather then relying on "correct political thinking", the

state now emphasizes scientific and technological knowledge to advance agricultural production. Agro-technical promotion centers are being established, mechanization is increasing, and more telephones are being installed in rural areas. While not entirely abandoning the principle of self-reliance, China is engaging in more international commerce and technology imports, and using foreign funds to further agricultural development.

2. Problems and Debates

While significant gains have been made in China's countryside, the growth has also brought problems. Although the responsibility system has brought new wealth to certain areas, and while almost all areas and regions have benefitted, rich areas have gained more than poor areas, thus widening the regional inequities. (However, gaps between rural and urban incomes have begun to decrease, as rural growth has overtaken urban development.)

A second problem which may result from the new policies is a shift in the actual products being farmed, in particular a shift away from grains and towards "cash crops", things like cotton and oilseed. This problem may be exacerbated by another problem--changes in the price structures. With prices beginning to reflect demand for certain products, the higher prices which these cash crops attract is a further incentive to move away from the traditional crops.

A fourth problem is that the new system has set back China's birth control policy. Now that family income is dependent on output, the more people there are to work the land, the better the chances to increase income. There has also been a renewal of the preference of sons over daughters. This problem is complicated by the fact that with the loosened control of the state over the countryside, particularly with the dissolution of the communes, the ability to actually enforce birth control policies has been greatly reduced.

This brings us to another, more theoretical problem. With this dissolution of control over the countryside, the state and the Party looses their ability to control the country as a whole. This is the argument of some leftists within the government. Following from this is a very important issue tied to the loosening of agricultural (and industrial) structures; the problem of widespread corruption which seems to be emerging in China. Economic crime has become a serious national problem. The desire to "get rich" has encouraged tax evasion, theft, bribery, and corruption at high official levels. This problem has fueled the arguments of the leftists that the new policies will increasingly lead to "capitalistic" tendencies.

This leads to the most basic problem and source of debate over the new policies. It is a question of ideology, of the "deradicalization of the revolution". Some of these new economic policies do reflect "capitalist" ideas (the use of market

allocation, for example), and this may become a problem when the socialist goals of the country and the actual policies being enforced come into conflict.